United Nations

Financial report and audited financial statements

for the biennium ended 31 December 1999 and

Report of the Board of Auditors

Volume I
United Nations

General Assembly
Official Records
Fifty-fifth Session
Supplement No. 5 (A/55/5)

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Note

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Abbreviations

DESA	Department of Economic and Social Affairs
DHA	Department of Humanitarian Affairs
DPKO	Department of Peacekeeping Operations
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ECOMOG	Economic Community of West African States Monitoring Group
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
IAEA	International Atomic Energy Agency
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMDIS	Integrated Monitoring and Documentation Information System
IMIS	Integrated Management Information System
IOM	International Organization for Migration
ITC	International Trade Centre UNCTAD/WTO
MICIVIH	United Nations International Civilian Mission in Haiti
MINUGUA	United Nations Verification Mission in Guatemala
MINURCA	United Nations Mission in the Central African Republic
MISAB	Inter-African Mission to Monitor the Implementation of the Bangui Agreements
OHCHR	Office of the United Nations High Commissioner for Human Rights
ONUC	United Nations Operation in the Congo
UNCHS	United Nations Centre for Human Settlements (Habitat)
UNCITRAL	United Nations Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development

UNDCP	United Nations International Drug Control Programme
UNDOF	United Nations Disengagement Observer Force
UNDP	United Nations Development Programme
UNEF	United Nations Emergency Force
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFIP	United Nations Fund for International Partnerships
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNITAR	United Nations Institute for Training and Research
UNJSPF	United Nations Joint Staff Pension Fund
UNAMET	United Nations Mission in East Timor
UNMIK	United Nations Interim Administration Mission in Kosovo
UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNMOVIC	United Nations Monitoring, Verification and Inspection Commission
UNOG	United Nations Office at Geneva
UNOPS	United Nations Office for Project Services
UNPA	United Nations Postal Administration
UNPROFOR	United Nations Protection Force
UNSCO	United Nations Special Coordinator in the Occupied Territories
UNSMIH	United Nations Support Mission in Haiti
UNSMA	United Nations Special Mission to Afghanistan
UNTAG	United Nations Transition Assistance Group
UNTMIH	United Nations Transition Mission in Haiti
UNTSO	United Nations Truce Supervision Organization
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization

Letters of transmittal

3 April 2000

Dear Mr. Chairman,

In accordance with financial regulation 11.4, I have the honour to submit the accounts of the United Nations for the biennium 1998-1999, which I hereby approve. The financial statements were drawn up and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) Kofi A. **Annan**

Sir John Bourn, KCB
Chairman
United Nations Board of Auditors
New York

28 July 2000

Sir,

I have the honour to transmit to you the financial statements of the United Nations for the biennium 1998-1999 ended 31 December 1999, which were submitted by the Secretary-General. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(*Signed*) Sir John **Bourn**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

Chapter I

Financial report for the biennium ended 31 December 1999

A. Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of the United Nations for the biennium 1998-1999 ended 31 December 1999. The financial results reported relate to activities of the United Nations other than those of peacekeeping operations, the United Nations escrow account established under the provisions of Security Council resolution 986 (1995), the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, which are reported separately. The accounts consist of 23 statements supported by schedules and notes.

2. The present financial report, the audited financial statements and the report of the Board of Auditors, along with the associated report of the Advisory Committee on Administrative and Budgetary Questions, will be submitted to the General Assembly at its fifty-fifth session. In the interest of limiting documentation, financial statements for each United Nations trust fund have not been included in the published accounts. A supplementary volume containing all trust fund statements has been provided to the Advisory Committee and to the Board of Auditors.

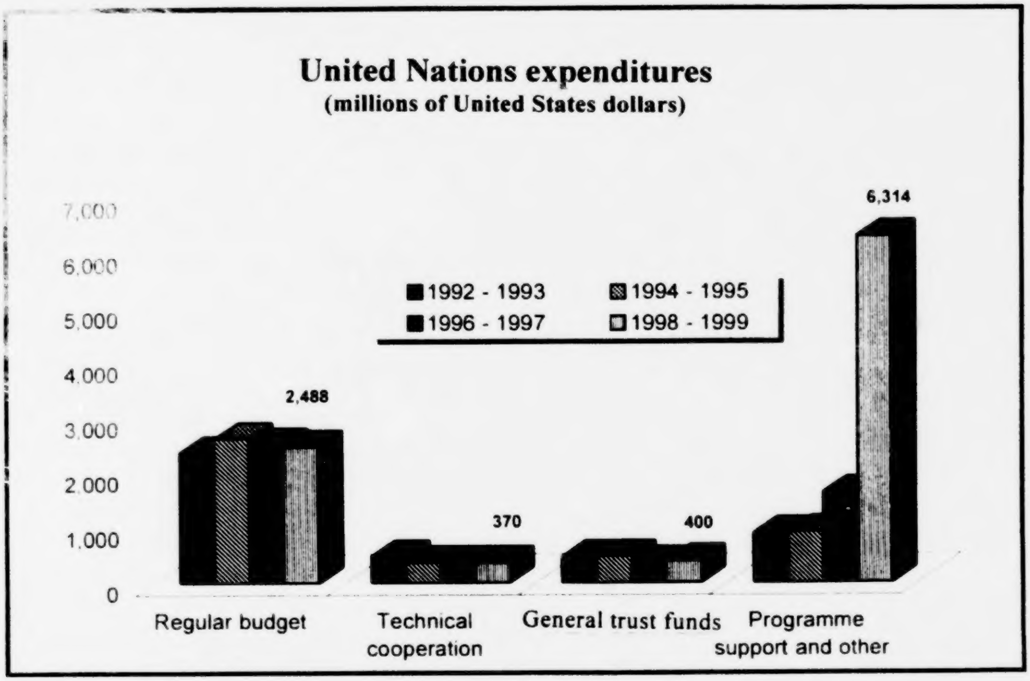
3. The present financial report, which is designed to be read in conjunction with the financial statements, can also be considered alone. The report provides financial information relating to the United Nations General Fund, the Working Capital Fund and the Special Account (paras. 12-16), technical cooperation activities (paras. 17 and 18), general trust funds (paras. 19-21) and other special funds (paras. 22-24). The annex provides technical information, as well as information required by the Financial Regulations and Rules to be reported to the General Assembly.

B. Overview

4. Statements I to III of the accounts summarize the consolidated results of United Nations activities other than the peacekeeping activities, the United Nations escrow account, the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda. Statement I includes all categories of income and a total of expenditures incurred during the biennium 1998-1999. Statement II includes a summary of assets, liabilities, reserves and fund balances as at 31 December 1999. Statement III summarizes the Organization's net cash flows for the period.

5. The expenditures for the biennium 1998-1999 compared with the previous one showed a reduction of 1.7 per cent for the United Nations regular budget, an increase of 1.5 per cent for technical cooperation activities and a 12.4 per cent increase for the general trust funds. Expenditures for other special funds increased by 287.2 per cent, owing mainly to a significant increase in the activity of the United Nations Compensation Commission related to the increase in the sale of Iraqi oil pursuant to Security Council resolution 986 (1995). Figure 1 provides a graphic comparison of the overall expenditures for the funds covered in the present report for the past four bienniums.

Figure 1



6. The following table shows the expenditures for the four categories of United Nations activity as a percentage of total expenditures for the past four bienniums:

	Biennium			
Expenditures	*1992-1993*	*1994-1995*	*1996-1997*	*1998-1999*[a]
Regular budget	56.9%	59.9%	51.9%	26.0%
Technical cooperation activities	11.4%	8.4%	7.4%	3.8%
General trust funds	11.1%	10.8%	7.3%	4.2%
Programme support and other	20.6%	20.9%	33.4%	66.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

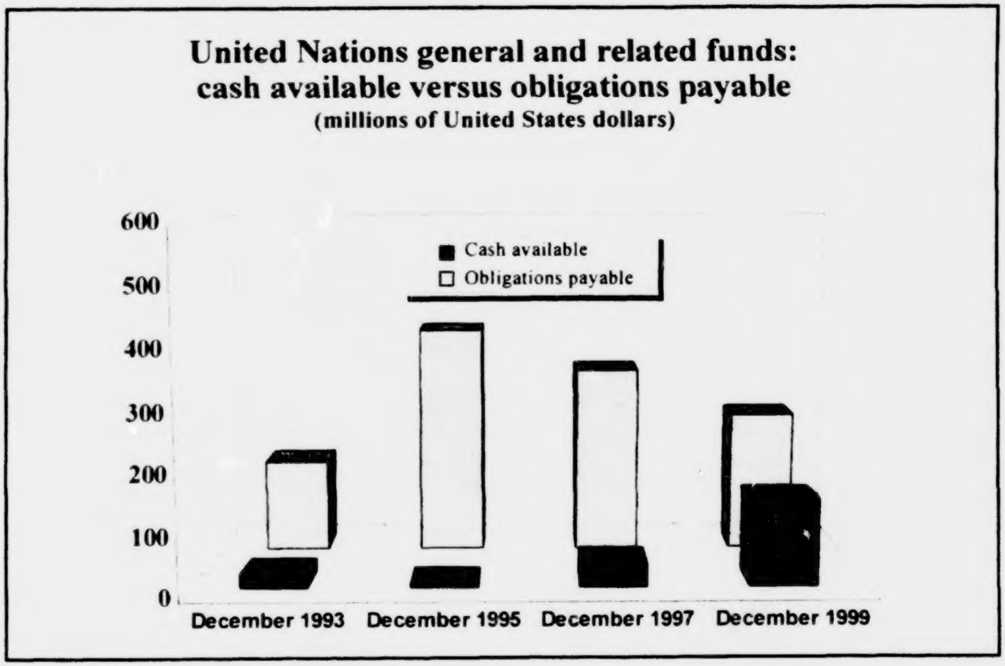
[a] The substantial change is due to an increase in the compensation awards of the United Nations compensation fund, which is financed from the sale of Iraqi oil.

7. As at 31 December 1999, unpaid assessed contributions to the regular budget totalled $244.2 million, representing a reduction of $229.3 million compared with unpaid contributions of $473.5 million as at 31 December 1997.

8. The failure of Member States to pay their assessed contributions in full and on time has produced recurring cash crises and the resulting inability of the Organization to pay its obligations to Member States and others. It was necessary throughout the biennium to draw upon the cash reserves of the Working Capital and Special Accounts to meet current operating requirements for the regular budget. Figure 2 illustrates the level of the Organization's obligations, consisting of payments due to various providers of goods and services to the United Nations, and the extent to which they exceeded the amounts of cash available to satisfy them at the end of each biennium.

9. Technical cooperation, trust fund and other United Nations special activities are financed by voluntary funds or other specific sources, and obligations are not normally incurred unless the necessary cash has been received. As a result, these extrabudgetary funds generally do not have obligations in excess of their available cash and investments. Regular budget activities, peacekeeping operations and the international tribunals mandated by the General Assembly, however, must go on to the extent possible whether or not all assessed contributions have been received.

Figure 2



C. United Nations General Fund, Working Capital Fund, Special Account and jointly financed activities

10. The United Nations General Fund contains all regular budget income and expenditures, as well as the assets and liabilities of the Organization other than those specifically identified with other funds. Statement IV shows the status of regular budget appropriations. Statement V includes income and expenditure of the General Fund along with its assets, liabilities, reserves and fund balances as at 31 December 1999. Closely related to the General Fund but accounted for separately are the United Nations Working Capital Fund, the United Nations Special Account and United Nations jointly financed activities, the financial results of which are shown in statements VI, VII and VIII.

11. The regular budget for the biennium 1998-1999 totalled $2,488.3 million, as appropriated by the General Assembly in its resolution 54/247 A of 23 December 1999. Actual expenditures for the biennium totalled $2,487.8 million, representing a decrease of 1.7 per cent compared with the expenditures of $2,532.7 million for the biennium 1996-1997. Schedule 4.1 shows expenditures by major programme and type of expenditure. Most of the regular budget expenditure is for staff and staff-related expenses. The following tables show expenditures for the four most recent bienniums by percentage spent on each type of major activity and by percentage spent under each functional category of expenditure.

Percentage of total expenditure by major activity

	Biennium			
Major activity	*1992-1993*	*1994-1995*	*1996-1997*	*1998-1999*
Overall policy-making and coordination	1.5	1.4	1.5	19.2[a]
Political and Security Council affairs	6.9	8.1	7.9	8.9
Economic, social and humanitarian affairs	27.8	28.6	29.4	29.2
International justice and law	2.0	2.0	2.1	2.6
Public information	4.6	5.1	5.2	5.4
Common support services	35.1	34.8	35.7	19.9[a]
Staff assessment cost	15.8	14.3	13.6	12.6
Capital and special expenditures	6.3	5.7	4.6	2.2
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

[a] The increase in overall policy-making and coordination is attributed to the relocation of General Assembly affairs and conferences services from common support services.

Percentage of total expenditure by functional categories

	Biennium			
Functional category	*1992-1993*	*1994-1995*	*1996-1997*	*1998-1999*
Salaries and related personnel costs	79.0	80.3	80.9	77.5
Travel	1.8	2.1	1.9	2.1
Contractual services	2.1	2.3	2.4	2.7
Operating expenses	9.2	9.3	9.1	9.2
Acquisitions	5.3	3.4	2.6	3.5
Grants and other	2.6	2.6	3.1	5.0
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

12. Schedules 5.1 and 5.2 contain the details of general income and net income from revenue-producing activities, which totalled $50.1 million in the biennium 1998-1999. This was $8.4 million, or 20.1 per cent, higher than the amount budgeted for the biennium and 44.3 per cent lower than the total of $90.0 million received during the previous biennium.

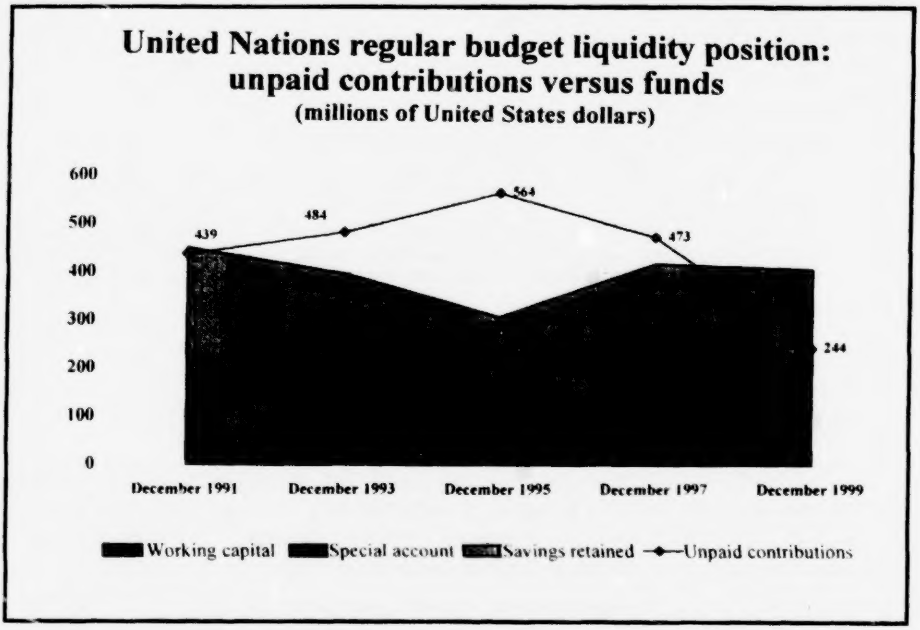
13. At the end of 1999 the General Fund had authorized retained surpluses totalling $68.4 million. There are also surpluses and savings on the liquidation of prior period obligations in the biennium 1998-1999 totalling $70.8 million, which will be available to offset against the assessments of Member States in 2001.

14. Schedule 5.3 includes the full list of assessed contributions unpaid for the regular budget, which totalled $244.2 million at the end of 1999. This was $229.3 million, or 48.4 per cent, lower than the level of unpaid assessments at the end of 1997. However, it still exceeds the $139.2 million fund balance for the regular budget.

15. The impact of the failure of Member States to pay their assessed contributions in full and on time is illustrated in figure 3, which compares the amounts of unpaid assessments over time with the primary sources of cash reserves for the regular budget, namely, budgetary savings in past bienniums not yet returned to Member States, the Working Capital Fund and the Special Account. While these sources of cash reserves were more or less sufficient to cover the level of unpaid contributions during the years from 1988 to the early 1990s, in recent years they have not been sufficient, making it increasingly necessary for substantial amounts to be temporarily borrowed from peacekeeping missions that have available cash to finance regular budget expenditures during the biennium.

16. The year 1999 was a year of financial turnaround with higher end-cash balances and lower unpaid contributions. At the end of 1999, 126 Member States had paid their regular budget assessments for 1999 and all earlier years in full. As a result, the level of unpaid contributions as at 31 December 1999 fell below the primary source of the cash reserves of the regular budget, and no cross-borrowing of funds from peacekeeping accounts was needed at the end of 1999. While this is a positive development, outstanding unpaid contributions of $244.2 million from Member States at the end of the biennium 1998-1999 is still high.

Figure 3

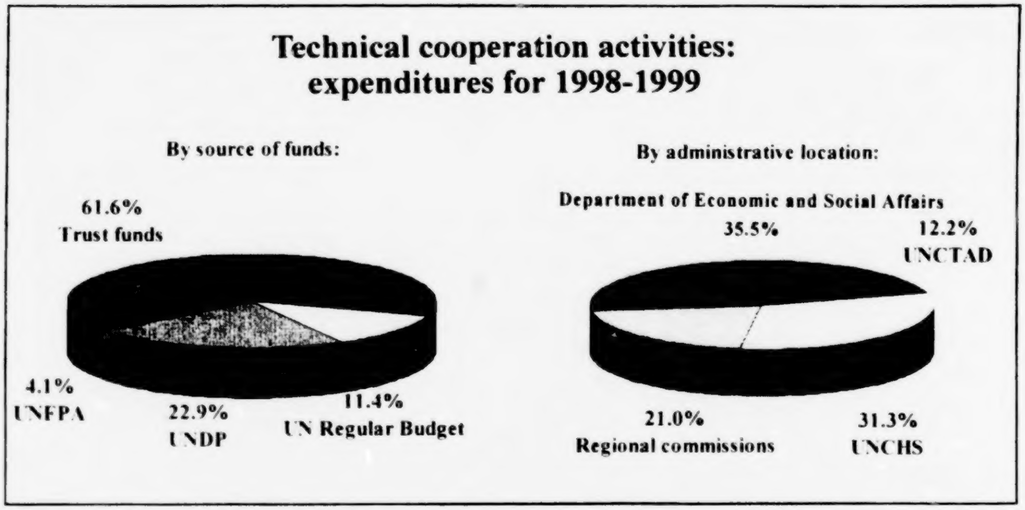


D. Technical cooperation activities

17. Statement IX and schedule 9.1 record United Nations activities in the field of technical cooperation. About 27.4 per cent of all technical cooperation activity during the biennium 1998-1999 was financed by the United Nations Development Programme and the United Nations Population Fund, with the remainder being financed through technical cooperation trust funds and the regular programme of technical cooperation portion of the United Nations regular budget (section 21).

18. Total expenditures for technical cooperation activities amounted to $369.7 million (including $42.3 million provided by the United Nations regular budget), representing an increase of $5.6 million compared with the biennium 1996-1997. Figure 4 shows technical cooperation expenditures by fund source and administrative location.

Figure 4



Technical cooperation activities: expenditures for 1998-1999

By source of funds:

By administrative location:

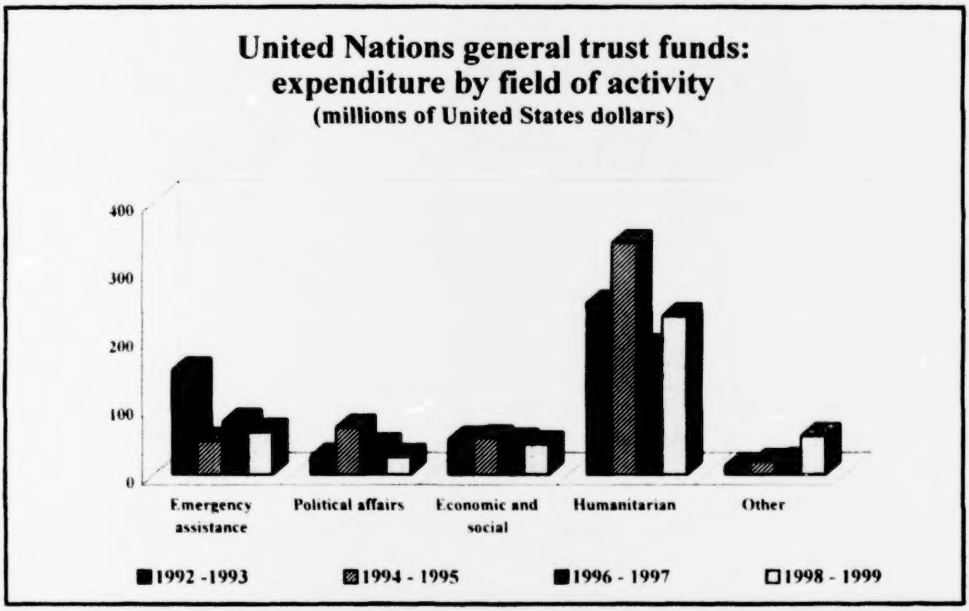
E. General trust fund activities

19. A consolidated summary of the 195 general trust funds under the direct responsibility of the Secretary-General is included in statement X. In the biennium 1998-1999, 24 general trust funds were established and 18 were closed. Various trust funds have been established to support or supplement the substantive work programme of the Organization or to contribute to activities of humanitarian or relief assistance. Other extrabudgetary activities, namely, the voluntary funds of the Office of the United Nations High Commissioner for Refugees, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the Fund of the United Nations Environment Programme, the Habitat and Human Settlements Foundation, the United Nations University, the United Nations Institute for Training and Research, the International Trade Centre UNCTAD/WTO, and the United Nations International Drug Control Programme are reported to the General Assembly separately and are not included in the accounts of the United Nations.

20. Total expenditures of $400.4 for all general trust funds were 12.4 per cent higher than the comparable total of $356.2 million for the biennium 1996-1997. This increase was due primarily to increases in expenditures for humanitarian activities. Total income was $495.6 million during the biennium 1998-1999, representing an increase of 21.2 per cent compared with total income of $408.9 million in the biennium 1996-1997.

21. Six large funds accounted for 59.5 per cent of total expenditures for all general trust funds, namely, the United Nations Fund for International Partnerships ($73.3 million), the Trust Fund for Disaster Relief ($61.5 million), the Afghanistan Emergency Trust Fund ($51.6 million), the Trust Fund to Support the United Nations Interim Administration in Kosovo ($24.7 million), the Voluntary Trust Fund for Assistance in Mine Clearance ($15.1 million) and the Trust Fund for the Strengthening of the Office of the Emergency Relief Coordinator ($12.4 million). Summary data on all trust funds is contained in schedule 10.1. Figure 5 illustrates trust fund expenditures by field of activity for the last four bienniums.

Figure 5



F. Other special funds

22. Statements XI through XXIII provide information on individual funds established by the United Nations for various special purposes. A description of each of these funds or group of funds and how they function is included in the notes to the financial statements.

23. Programme support costs are monies earned by the United Nations for the provision of administrative support to technical cooperation activities, trust fund activities and administrative structures such as UNDP and the United Nations Children's Fund. Programme support costs are chargeable to fund activities so that the United Nations regular budget does not bear undue direct and indirect costs of extrabudgetary activities. Statement XVII records the activities in the programme support cost accounts, with the exception of the support account for peacekeeping

operations, which is reported in the financial statements for United Nations peacekeeping operations.

24. Overall income for non-peacekeeping-related programme support totalled $101.3 million for the biennium 1998-1999, a 0.7 per cent decrease compared with the total in the previous biennium of $108.5 million. Expenditures from the non-peacekeeping support accounts totalled $85.6 million, a minor increase from the 1996-1997 figure of $85.4 million.

Annex

Supplementary information

1. The present annex includes an explanation of the double-counting contained in the financial statements along with supplementary tables and information that the Secretary-General is required to report.

Double-counting in the financial statements

2. The United Nations financial statements for individual funds contain elements of double-counting of income and expenditure totalling $444.3 million. These amounts have been eliminated from the income and expenditure figures shown in the total columns of statement I. Similarly, the United Nations financial statements for individual funds in the current report contain elements of double-counting of inter-fund indebtedness totalling $443.8 million. These amounts have been eliminated from the total assets and liabilities figures shown in statement II.

Cash and investments

3. The cash and investments figures shown in the financial statements represent operational cash held at Headquarters and at other offices and projects outside of New York, as well as interest-bearing bank deposits and other investments. The detailed breakdown is shown in the following table (in millions of United States dollars):

	Operational cash balances	*Interest-bearing accounts*	*Other investments*	*Total*
General Fund, Special Account and Working Capital Fund	15.5	133.5	30.0	179.0
Technical cooperation activities	47.5	86.8	7.0	141.4
General trust funds	14.0	161.6	212.0	387.7
Other special-purpose funds	37.9	768.2	1 315.6	2 121.7

Contributions to the regular budget received in currencies other than United States dollars

4. The Secretary-General is authorized by the General Assembly to accept a portion of the assessed contributions of Member States in currencies other than United States dollars. Based on the United Nations actual requirements for various currencies, the United States dollar equivalents of the following payments in such currencies were accepted in respect of the bienniums 1996-1997 and 1998-1999:

		Biennium	
Member State	*Currency*	*1996-1997*	*1998-1999*
Barbados	Dollar	215 278	165 258
Comoros	Franc	26 093	-
Costa Rica	Colón	-	108 499
Cyprus	Pound	445 588	714 844
Dominican Republic	Peso	-	193 029
Egypt	Pound	1 249 564	-
Ethiopia	Birr	107 341	132 127
Guyana	Dollar	48 183	-
India	Rupee	411 135	509 989
Indonesia	Rupiah	-	566 038
Morocco	Dirham	629 926	862 603
Pakistan	Rupee	1 291 669	1 240 186
Paraguay	Guaraní	106 508	110 551
Portugal	Escudo	485 370	-
Seychelles	Rupee	118 832	-
Syria	Pound	605 952	-
Tajikistan	Rouble	45 822	10 595
The former Yugoslav Republic of Macedonia	Dinar	-	47 819
Trinidad and Tobago	Dollar	982 958	416 749
Zimbabwe	Dollar	-	92 178
Total		**6 770 219**	**5 170 465**

Write-off of losses of cash and receivables

5. In accordance with financial rule 110.14, the Controller or, when required, the Secretary-General, after a full investigation, has approved write-offs for the biennium 1998-1999 totalling $459,613. In each case it was determined in the light of the facts known at the time that: (a) the responsibility for the loss could not be fixed and attached to any official of the United Nations; (b) every effort had been made to collect the amounts due; and (c) further collection efforts would be fruitless. A breakdown of those write-offs by type is shown below for the current and previous bienniums (in United States dollars):

	1996-1997	*1998-1999*
United Nations General Fund	1 641 658	443 750
Technical cooperation activities	27 358	11 230
General trust funds	-	4 510
Programme support costs	529	-
Other special accounts	775	123
Total	**1 670 320**	**459 613**

Write-off of losses of property

6. Property losses at Headquarters and offices away from Headquarters amounting to $9,869,338 (based on their original costs) were written off in accordance with financial rule 110.15 during the biennium 1998-1999. Those write-offs brought the recorded balances of the properties to the same levels as those shown in the property records for the actual quantities on hand. The details of the amounts written off were reported to the Board of Auditors in accordance with the provisions of financial rule 110.10 (b).

Ex gratia payments

7. Ex gratia payments totalling $46,194 were made in accordance with financial rule 110.13 during the biennium 1998-1999. Details of those payments were provided to the Board of Auditors.

Chapter II
Report of the Board of Auditors

Summary

The Board of Auditors has reviewed the operations of the United Nations at its Headquarters in New York and at the United Nations offices away from Headquarters in Addis Ababa, Bangkok, Beirut, Geneva, The Hague, Nairobi, Santiago, Santo Domingo and Vienna. The Board also validated the financial statements of the United Nations for the biennium ended 31 December 1999.

The Board's main findings are as follows:

(a) Arrears in assessed contributions had decreased from $473 million as at 31December 1997 to $244 million as at 31 December 1999, or by $229 million (48 per cent). This represented about 10 per cent of the total assessed contributions. As at 31 December 1999, the United Nations General Fund owed $78 million to the United Nations Working Capital Fund, $47million to the United Nations Special Account and $58 million to the peacekeeping reserve fund, or a total of $183 million;

(b) The Office for the Coordination of Humanitarian Affairs at Geneva had not established a policy on advances made from the unearmarked Disaster Relief Assistance Fund;

(c) Accounts receivable of $25 million, excluding unpaid assessed contributions receivable, had been outstanding for more than one year;

(d) In general, the Board was pleased to note the progress made by the International Civil Service Commission secretariat in implementing the recommendations of the Board. The Board looks forward to further progress on: the development of a total compensation methodology; the results of the quinquennial study of grade equivalencies; the results of the ICSC review of the effects of the regression analysis techniques used; the development of a framework for human resources management; the whole scale review of the pay and benefits system of the United Nations; and the results of the review of the ICSC secretariat data-processing systems;

(e) IMIS Release 3, covering accounting, financial and travel applications, has not yet been fully developed to enable the preparation of consolidated financial statements on the basis of a consolidated database and to provide an adequate audit trail between the IMIS-generated reports and the financial statements. Furthermore, the Administration has not yet implemented an important recommendation to provide detailed information about debtor/creditor identity. This has resulted in errors and inconsistencies in the financial records;

(f) IMIS had no facility to transfer data into archives, and therefore reports produced by IMIS that were intended to provide information on the current biennium continue to include data relating to previous bienniums. As a result, IMIS data will continue to accumulate, and the operation of the system will increasingly slow down;

(g) In four procurement-related arbitration cases, the United Nations was judged liable to pay compensation in a total amount of $12.2 million to contractors

mainly because of deficiencies in contract formulation, interpretation and implementation;

(h) The Procurement Manual requires the Office of Legal Affairs to review contracts and amendments in excess of $200,000 involving major changes of terms and conditions or if the contract is not essentially identical to another contract previously reviewed by the Office. However, the Procurement Division did not submit for review two contracts valued at a total of $24 million that fell into this category;

(i) Despite the contention of the Office of Legal Affairs that it utilizes a standard process and criteria for shortlisting prospective arbitrators and outside counsel, the Board was concerned that the process was not sufficiently transparent;

(j) In 4 of 17 procurement-related arbitration cases reviewed by the Board, outside legal counsel were allowed to commence work before the contracts had been signed by all parties;

(k) In one contract for legal representation by outside counsel in a procurement-related arbitration case, the fee cap was increased from $0.59 million to $2.46 million over a period of only around two years;

(l) In the engagement of outside legal counsel for procurement-related arbitration cases, the functions of selection, recommendation of appointment, proposal of contracts and request of payment for services rendered were all vested in one person in the Office of Legal Affairs;

(m) Because of the old procedure of billing for conference services after the end of meetings, conference services at the United Nations Office at Nairobi suffered a shortfall of income over expenditure amounting to $142,729 for the biennium 1998-1999;

(n) In the working paper files for a number of assignments undertaken in 1998, most of the internal audit working papers maintained by the Audit Management and Consulting Division of the Office of Internal Oversight Services were not properly organized (indexed or cross-referenced), while some were kept loosely and exposed to possible loss; furthermore, the Division had not documented its evaluation of the United Nations internal control system;

(o) The Administration had not established a system to ensure that claims submitted by the insurance companies in respect of health insurance programmes for staff members were valid and accurate;

(p) The Administration had not conducted since 1989 a joint opening/closing inventory of the stocks of the United Nations newsstand facility at Headquarters, and there had thus been no basis for determining the excess or shortfall in the value of inventories to be paid either by the Organization or by the contractor;

(q) The Board made recommendations regarding improving financial procedures, strengthening internal financial controls, making accountability more transparent and enhancing the capability of IMIS.

A list of the Board's main recommendations is included in paragraph 12 of the present report.

A. Introduction

1. The Board of Auditors has audited the financial statements of the United Nations for the period from 1 January 1998 to 31 December 1999 in accordance with General Assembly resolution 74 (I) of 7 December 1946. The audit was conducted in accordance with article XII of the Financial Regulations and Rules of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. The auditing standards require that the Board plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the expenditures recorded in the financial statements for the period from 1 January 1998 to 31 December 1999 had been incurred for the purposes approved by the General Assembly, whether income and expenditures had been properly classified and recorded in accordance with the Financial Regulations and Rules and whether the financial statements of the United Nations presented fairly the financial position as at 31 December 1999. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent the Board considered it necessary to form an opinion on the financial statements.

3. The audit was carried out at United Nations Headquarters and at the United Nations offices away from Headquarters at Addis Ababa, Bangkok, Beirut, Geneva, The Hague, Nairobi, Santiago, Santo Domingo and Vienna.

4. In addition to the audit of the accounts and financial transactions, the Board carried out reviews under financial regulation 12.5. The reviews concerned the efficiency of financial procedures, the internal financial controls and, in general, the administration and management of the United Nations.

5. The present report also addresses, in the paragraphs identified below, specific requests made by the General Assembly, namely:

(a) To review the status of implementation of the recommendations contained in the report of the Board on its special audit of the Integrated Management Information System (A/52/755, annex), taking into account the provisions of General Assembly resolution 52/227 (resolution 53/214, sect. VII) (paras. 78-135);

(b) To report on the status of implementation of the recommendations contained in the Board's report on the International Civil Service Commission (A/52/811) (resolution 54/249, para. 186) (paras. 136-181);

(c) To conduct a specific examination of practices and procedures with regard to the handling of arbitration/claims cases by the United Nations Administration, as requested by the Advisory Committee on Administrative and Budgetary Questions (A/54/7, chap. II, para. III.18) (paras. 182-227);

(d) To pay special attention to the efficiency of the charge-back arrangements at the United Nations Office at Nairobi (paras. 228-234).

6. The Board continued its practice of reporting the results of specific audits through management letters containing detailed observations and recommendations

to the Administration. This practice helped to maintain an ongoing dialogue with the Administration on audit issues. The Board also maintained continuing cooperation with the Joint Inspection Unit and the Office of Internal Oversight Services.

7. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations on all matters contained in the present report were communicated to the Administration, which confirmed the facts on which the Board's observations and conclusions were based and provided explanations and answers to the Board's queries. The report is divided into two parts, one covering the audit of financial issues and the other the audit of management issues.

8. A summary of the Board's main recommendations is reported in paragraph 12, and the detailed audit observations are discussed in paragraphs 13 to 311.

9. In accordance with section A, paragraph 7, of General Assembly resolution 51/225 of 3April 1997, the Board has reviewed the action taken by the Administration to implement the recommendations made by the Board in its report for the biennium 1994-1995.[1] The Board has highlighted one recommendation that had not been fully implemented by the Office of Programme Planning, Budget and Accounts. In its report on the biennium 1994-1995, the Board recommended that a system of periodic claims audit at the offices of insurance companies should be established so that the Administration would have reassurance that the claims were correct and representative of the actual charges for medical care (paras. 195 and 196). The Board's comments on this issue are included in the present report.

10. In accordance with General Assembly resolution 48/216 B of 23 December 1993, the Board also reviewed the measures taken by the Administration to implement the recommendations made in its report for the biennium ended 31 December 1997.[2] Details of the action taken and the comments of the Board are set out in the annex to the present report.

11. The General Assembly, in its resolution 52/212 B of 31 March 1998, accepted the recommendations of the Board of Auditors for improving the implementation of its recommendations subject to the provisions contained in the resolution. The Board's proposals, which were transmitted to the Assembly in a note by the Secretary-General (A/52/753, annex), included the following main elements:

(a) The need for specification of timetables for the implementation of recommendations;

(b) The disclosure of office holders to be held accountable;

(c) The establishment of an effective mechanism to strengthen oversight with regard to the implementation of audit recommendations. Such a mechanism could be in the form of either a special committee comprising senior officials or a focal point for audit and oversight matters.

The Board noted that the Administration had generally complied with those requirements.

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[1] *Official Records of the General Assembly, Fifty-first Session, Supplement No. 5* (A/51/5), vol. I, chap. II.

[2] Ibid., *Fifty-third Session, Supplement No. 5* (A/53/5), vol. I, chap. 2.

Main recommendations

12. The Board's main recommendations are that:

(a) The Administration establish clear guidelines to determine the circumstances under which advances may be made by the Office for the Coordination of Humanitarian Affairs from the unearmarked Disaster Relief Assistance Fund, the eligibility of recipients, the maximum level of advances and the period of repayment; action should also be taken to recover long-outstanding advances (para. 32);

(b) The Administration strengthen efforts to collect accounts receivable, particularly the amount of $25 million outstanding beyond one year (para. 68);

(c) The Administration implement fully, as a matter of priority, a consolidated database to facilitate the preparation of consolidated financial statements and to reduce the reliance on ad hoc reports, and that the Office of Programme Planning, Budget and Accounts ensure that all adjustments made in the preparation of the financial statements are approved and are supported by an adequate audit trail (para. 101);

(d) The Administration develop an archiving facility for IMIS as a matter of priority (para. 113);

(e) The Administration review all outstanding test problem reports and system enhancement requests and draw up a comprehensive plan of action to resolve the underlying issues (para. 117);

(f) The Administration further improve the dissemination of information to relevant United Nations departments on lessons learned from decisions of the arbitral tribunal arising from deficiencies in contract formulation, review and implementation, and that procurement officers exercise close control over draft purchase orders to prevent them from being used to create unintentional legal obligations and prepare contract amendments promptly to reflect changes in contractual terms (para. 196);

(g) The Procurement Division, in compliance with the Procurement Manual, ensure that all new contracts in excess of $200,000 that are not identical to previous contracts are submitted to the Office of Legal Affairs for review before finalization, and that the Office make every effort to carry out an effective review of new contracts in excess of $200,000 in accordance with the provisions of the Procurement Manual (para. 198);

(h) The General Legal Division and the Procurement Division establish closer coordination in contract preparation and approval, and that the Procurement Division establish a system for monitoring the status of requests for contract preparation and subsequent action (para. 209);

(i) The Administration review the method of setting legal fee caps with a view to strengthening control over the level of expenditure incurred for outside legal counsel (para. 215);

(j) The Administration ensure, through the Office of Legal Affairs, that payments made to outside counsel not be requested before contracts and amendments are properly concluded, and that the Office of Programme Planning, Budget and Accounts ensure that payments made to outside counsel

be made only on the basis of valid contracts that have been signed by all parties (para. 219);

(k) The Administration clearly segregate functions in the Office of Legal Affairs to ensure the operation of sound internal checks in the selection of outside counsel, the recommendation of appointment, the proposal of contracts and requests of payment for services rendered by outside legal counsel (para. 223);

(l) The Administration draw up a strategy for the management of the United Nations accommodation in Geneva, which should include formal objectives that are specific and measurable (para. 263);

(m) The Administration establish a system of periodic claims audit at the offices of the insurance companies so that it would have some reassurance that the claims were correct and representative of the actual charges made for medical care (para. 281);

(n) The Administration conduct jointly with the newsstand contractor an inventory of the stock of the United Nations newsstand at the earliest opportunity (para. 302);

(o) The Audit and Management Consulting Division of the Office of Internal Oversight Services ensure that working papers have been completed and reviewed in accordance with its own policy (para. 245);

(p) The Audit and Management Consulting Division ensure that the process of internal control evaluation is documented in accordance with the provisions of the Audit Manual (para. 249);

(q) The Audit and Management Consulting Division improve the timeliness of issuing audit reports (para. 253).

The Board's other recommendations are shown in paragraphs 21, 24, 41, 49, 53, 60, 70, 74, 108, 111, 202, 227, 234, 271, 276, 285, 289, 295, 298 and 302.

B. Financial issues

1. Financial statements

13. The Board evaluated the extent to which the financial statements of the United Nations for the biennium ended 31 December 1999 conformed to the United Nations accounting standards. The review indicated that the presentation of the financial statements for the biennium 1998-1999 was generally consistent with the standards.

2. Cash flow and liquidity

14. The Board noted that assessed contributions of $244 million for the United Nations General Fund remained unpaid as at 31 December 1999, which is 48 per cent less than the arrears of $473 million as at 31 December 1997. The Board is concerned that despite this improvement, the total unpaid assessed contributions represented some 10 per cent of the total assessed contributions of $2.409 billion as at 31 December 1999.

15. The Board's review of the ageing report on unpaid assessed contributions revealed that of the $244 million, $24 million (10 per cent) was aged over 24 months and $15 million (6 per cent) was aged 13 to 24 months, while $205 million, (84 per cent), was outstanding for less than 12months.

16. As in previous bienniums, apart from depending on the Working Capital Fund and the Special Account to meet shortfalls in income for the regular budget, the United Nations General Fund had to borrow from peacekeeping funds. Some $346.7 million borrowed from peacekeeping funds, which related to eight peacekeeping missions, was settled before the end of the biennium 1998-1999. As at 31 December 1999, the outstanding obligations of the United Nations to the Working Capital Fund and the Special Account amounted to $78 million and $47 million respectively. Moreover, the $58 million borrowed from the peacekeeping reserve fund as at 31 December 1997 had remained unsettled at 31 December 1999. In addition, the unliquidated obligations of the General Fund reached $154 million as at the end of the biennium 1998-1999, but available cash and term deposits amounted to only $61 million.

17. The United Nations accounting standards stipulate that income from assessed contributions represents a legal obligation of contributors from the date on which it becomes due and that such income should be accordingly recognized as at that date. However, under the standards, provision may be made for delays in the collection of the outstanding assessed contributions, and the policy regarding provisions for delays in the collection of the outstanding contributions shall be stated in the notes to the financial statements.

18. The Administration stated that it was legally binding on Member States to pay their assessed contributions within a reasonable period after notification of the assessment. However, as disclosed in the notes to the financial statements, certain Member States have indicated that they do not intend to pay some of their assessed contributions or that such contributions will be paid only under certain conditions. As at 31 December 1999, the total amount involved was $56.7 million. The policy of the Administration is not to make provision for delays in the collection of outstanding assessed contributions.

3. Budgetary control

Overall position

19. The Board noted that the original programme budget of $2.532 billion for the biennium 1998-1999 was initially reduced to $2.527 billion in December 1998. This was increased to $2.530 billion in April 1999, but was subsequently decreased to $2.488 billion in December 1999, which matched the overall expenditure of the regular budget. At the end of the biennium, over-expenditures of $6.196 million, which were registered in 15 of the 34 budget sections, were addressed in the context of the report of the Secretary-General on budget performance in respect of the biennium 1998-1999 (A/54/631 and Corr.1). The Advisory Committee on Administrative and Budgetary Questions concurred with the transfers among sections.

Budgetary control on general trust funds

20. The Board's review of the general trust funds disclosed that in two trust funds, expenditures amounting to $0.5 million were incurred in excess of allotments. At United Nations Headquarters, the Trust Fund for the Administration of the Agreement between the United Nations and Jordan in pursuance of Security Council resolution 661 (1990) incurred over-expenditures of $354,868 although no new allotment had been issued to cover the amount. The other trust fund that incurred over-expenditures was the United Nations Philatelic Museum where no allotment was issued but a total of $106,523 in expenditures was incurred for salary charges in respect of one staff member.

21. **The Board recommends that, before approving trust fund expenditures, certifying officers ensure that funds are available. In addition, budget officers should closely monitor trust funds to ensure that expenditures are within approved allotments.**

22. The Administration informed the Board that it would improve its monitoring of expenditures as well as, follow-up and coordination in order to strengthen budgetary control.

23. The Board noted that there was a delay in the closure of trust funds whose purposes had long been attained. In 12 trust funds examined, which have a total combined fund balance of $1.7 million, transactions pertaining to fund movements under the investment pool and related accounts continued to be recorded. Other than those transactions, there had been no substantive activities in the trust funds, including eight, with a total balance of $1.3 million, that had remained inactive since the biennium 1992-1993, as shown below:

Inactive trust funds

(in United States dollars)

Trust fund	*Fund balance*
Trust Fund for the Symposia on the Consequences of Rapid Population Growths and on Human Rights and Population	7 068
Trust Fund for the Myrdal Lectures	5 822
United Nations Trust Fund for Training for the United Nations Transition Assistance Group	88 038
Trust Fund for the Macrothesaurus Management	11 154
Trust Fund for the International Campaign against Drug Abuse and Illicit Trafficking	711 056
Trust Fund for Research in Regional Cooperation in Asia and in New and Renewable Energy Resources	303 366
Trust Fund for the Promotion of a United Nations International Programme for the Ageing	16 218
Trust Fund — Hamish Brown Fellowship Fund (YDA)	111 204
Total	**1 253 926**

24. **The Board recommends that the Office of Programme Planning, Budget and Accounts take action to review trust funds whose purposes have long been attained in order to identify and close those that are inactive and no longer required.**

25. The Administration informed the Board that it was taking continuing action to pursue the closure of such trust funds and recognized the need for greater efforts in that regard.

Trust Fund for Disaster Relief Assistance

26. In the biennium 1998-1999, the Office for the Coordination of Humanitarian Affairs spent $66 million from the Trust Fund for Disaster Relief on the coordination of worldwide disaster relief operations. Income amounting to $74 million, together with $11 million transferred from other sources, increased reserves by 54 per cent, from $35 million at December 1997 to $54 million at December 1999. The Office for the Coordination of Humanitarian Affairs invested funds that were not required immediately and recorded interest earned to the sub-account for unearmarked funds. In 1998-1999, this interest amounted to $4.1 million (compared with $3.8 million in 1996-1997).

27. During the biennium 1998-1999, unearmarked funds increased by 77 per cent, from $7.7 million to $13.6 million. Of this amount, $2.3 million was held in the Unearmarked Disaster Relief Assistance Fund as a reserve. Although the Office for the Coordination of Humanitarian Affairs requires prior donor approval to transfer such funds to earmarked activities, the reserve can provide rapid humanitarian aid in emergency situations.

28. The Board noted that the Office for the Coordination of Humanitarian Affairs had no established policy on advances made from the Unearmarked Disaster Relief Assistance Fund, as discussed below.

29. The Office for the Coordination of Humanitarian Affairs advances unearmarked funds to provide resources for immediate needs following a sudden disaster, pending the receipt of voluntary contributions from donors. For example, the Office advanced $200,000 for humanitarian coordination in East Timor in September 1999. In order to retain the fund balances for future emergencies, the Office authorized such advances as loans, stipulating that incoming contributions must be used for repayment. At 31 December 1999, a total of $3.9 million was outstanding from advances to 14 projects, of which $104,000 had remained outstanding from 1997 and $3 million from 1998. The Board noted that in some cases the Office had extended loans to sponsor activities not directly related to immediate emergency assistance, such as the Interregional Information Network ($1.2 million), the International Decade for Natural Disaster Reduction ($300,000) and the advocacy project ($150,000). Those loans remained outstanding at the end of December 1999, since insufficient contributions had been received to repay the amounts.

30. The Office for the Coordination of Humanitarian Affairs also advanced unearmarked funds amounting to $5.2 million to provide field staff with one-year contracts for 1999 with the aim of improving the field staff retention rate. Estimating the annual cost at $7.2 million, the Office for the Coordination of Humanitarian Affairs extended field staff contracts for one year in December 1998.

but had available funding of only $2 million. To provide adequate resources to cover the obligations, the Office advanced the funds on the condition that fund-raising activities would result in repayment. Of the $5.2 million advanced, $800,000 remained outstanding at the end of December 1999.

31. In January 2000, the Office for the Coordination of Humanitarian Affairs renewed the one-year staff contracts for field coordination units at a cost of $11.9 million, with the shortfall in available earmarked funding requiring an advance of $3 million from unearmarked funds. The Office also advanced $1.4 million to the Interregional Information Network to renew staff contracts for 2000.

32. **The Board recommends that the Office for the Coordination of Humanitarian Affairs establish clear guidelines to determine the circumstances under which advances may be made, the eligibility of recipients, the maximum level of advances and the period of repayment. The Board further recommends that the Office take action to recover outstanding advances made from the Disaster Relief Assistance Fund.**

33. The Office for the Coordination of Humanitarian Affairs has taken note of the recommendations of the Board and has established a financial task force that will be responsible for monitoring the status of the unearmarked account, reviewing requests for unearmarked funds and making recommendations on the allocation of such funds on the basis of established criteria. The task force will also undertake a review of all outstanding advances made from the Disaster Relief Trust Fund with a view to recommending appropriate action.

4. United Nations Fund for International Partnerships

Background

34. The United Nations concluded a relationship agreement with the United Nations Foundation, a not-for-profit corporation, to work together to achieve the goals and objectives of the Charter of the United Nations. The United Nations Fund for International Partnerships (UNFIP) was established in March 1998 to receive grants exclusively from the United Nations Foundation and to provide a central mechanism to facilitate the organization, execution, monitoring and reporting of projects and activities funded by the United Nations Foundation. UNFIP also provides a central administrative vehicle within the United Nations to work with the United Nations Foundation to identify and select projects and activities, receive and distribute funds for such projects and activities and monitor and report on the use of such funds.

35. UNFIP has completed five funding rounds (tranches), as well as a small number of intercessional emergency projects for the biennium 1998-1999. As at 31 December 1999, the Foundation had allocated a total of $252 million for projects and had reported expenditures totalling $23.8 million.

36. The United Nations has established an accounting system for a specific trust fund (QGA) to administer UNFIP funds and expenditures related to UNFIP projects and to ensure adequate reporting thereon. UNFIP is reported as a separate schedule in the United Nations financial statements (schedule 10.1.1). The Administration had also established a specific programme support account (QAA) to account for and report on the funds and expenditures relating to programme development and

administrative support for UNFIP operations. This account is reported under the Special Account for Programme Support Cost (statement XVII).

Reporting for fund utilization

37. Funds received for projects evaluated and approved by the United Nations Foundation are treated as income of the specific trust fund (QGA). Advances are made to United Nations agencies for implementation of UNFIP projects. Subsequently, advances are made to the implementing partners on the basis of quarterly utilization reports, and the expenditures reported by implementing partners are booked as expenditure under the classification "grants". The quarterly utilization reports are required to be submitted no later than 30days after the end of the quarter.

38. The Board's review of expenditures of 71 projects being implemented by implementing partners of UNFIP showed that disbursements itemized in the latest quarterly utilization reports on file for nine projects were greater than the amount recorded in the accounts of UNFIP, indicating an understatement of disbursements in UNFIP accounts by about $668,000 and an overstatement of advances to implementing partners by the same amount.

39. In addition, variances in expenditures of six projects implemented by the Office of the United Nations High Commissioner for Refugees and the United Nations Environment Programme also resulted in the understatement of recorded disbursements by about $1.48 million and the overstatement of advances to implementing partners by the same amount. This brought the total understatement of disbursements to $2.15 million and the corresponding overstatement of advances by the same amount.

40. The Board noted that the differences could be attributed in part to the lack of expenditure data arising from the non-submission or late submission of quarterly utilization reports by implementing partners or different cut-off dates for report submission. Further, the Administration informed the Board that most of the reports submitted by implementing partners did not differentiate between unliquidated obligations and actual disbursements, reporting both as expenditure, which the Office of Programme Planning, Budget and Accounts recorded as disbursements.

41. **The Board recommends that UNFIP enforce the requirement for implementing partners to submit quarterly utilization reports within the required 30 days after the end of the quarter.**

42. UNFIP informed the Board that it had drawn the attention of its implementing partners to the importance of the timely submission of financial reports.

Release of funds to implementing partners

43. The Board's review of the bank account for the period from January to December 1999 disclosed that substantial balances had been retained in the bank account and had reached $32,712,888 in one month.

44. The Board noted that most of those funds were intended for projects for which funds had already been received from the United Nations Foundation but had not yet been released to the implementing partners. The balance of $9,429,054 as at 31 December 1999 included an amount of $7,331,713 pertaining to funds of 13 active

projects. The Board is concerned that cash balances had accumulated as a result of the delay in the finalization of the project and funding documents.

45. The Board also noted that it had taken the Administration from 10 to 138 days to eventually release funds for project implementation. This time interval is long compared with the five-day standard set by UNFIP in a joint meeting with the implementing partners in July 1999.

46. UNFIP informed the Board that it would endeavour to minimize delays in the funding process and explore avenues to reduce delays by addressing concerns and problems, and that the accumulation of cash balances was due to the non-utilization of allotments, the non-receipt of allotment requests from implementing partners, delays in the finalization of memoranda of understanding, the non-completion of budget revisions and delays in the starting of projects. Furthermore, UNFIP would request implementing partners on new projects to submit allotment or allocation requests at the time of project document review.

47. The Board trusts that UNFIP will make every effort to ensure that funds are transferred to implementing partners within the established time frame. The Board looks forward to improvements in this area.

Project implementation

48. The duration of projects was one of the factors considered when projects were approved for funding by both the United Nations Foundation and UNFIP. The Board noted that of the 14 projects programmed to be completed in 1998 and 1999, only one had so far been documented as completed; the duration of six projects was extended, while the starting dates of two were revised. Of the six projects whose duration had been extended, one had been extended for two years, one for six months, and four for one year. Furthermore, the status of accomplishment of five of the projects originally programmed to be completed in 1999 could not be determined owing to the absence of annual progress reports and final reports.

49. **The Board recommends that UNFIP should closely monitor submission of the report on the status of project accomplishments by implementing partners.**

50. UNFIP informed the Board that it was establishing proactive monitoring systems to ensure that the agreed reporting requirements would be met.

Project monitoring

51. The Board's review of project documents and progress reports for 10 projects implemented principally by the United Nations Development Programme disclosed that the actual status of the projects could not be determined since the starting dates and duration shown on the available reports and documents were different. Furthermore, although the implementing partner was required to submit periodic financial and project progress reports, they did not indicate the actual status of implementation as measured against the approved project schedule and time-frame.

52. The Board was concerned that these inconsistencies and gaps did not allow UNFIP to evaluate and gauge the reported performance of the projects at any given time.

53. **The Board recommends that UNFIP include in project reports and documents clear information on planned and actual starting dates and project**

duration. The Board further recommends that UNFIP modify the periodic financial utilization and progress reports to include an assessment of the degree to which the goals of the project have been achieved in comparison with targets.

Operating reserve

54. The United Nations Finance Manual requires the maintenance of an operating cash reserve at a constant level of 15 per cent of the estimated annual planned expenditures during the implementation of the trust fund activities to cover shortfalls and to meet the final expenditures under the trust fund, including any liquidation liabilities. In June 1998, the Advisory Committee on Administrative and Budgetary Questions noted that the standard 15 per cent operating reserve, which normally would have generated interest and partly defrayed administrative costs, was not envisaged for the Fund. Accordingly, the Advisory Committee cautioned that every effort should be made to ensure a steady and dependable cash flow.

55. The Board noted that UNFIP had not set up the standard 15 per cent operating reserve. The UNFIP administration informed the Board that it would proceed to set up a reserve in the amount of $240,000, which is equivalent to 15 per cent of the $1.6 million intended for the programme development facility.

56. The Board trusts that the UNFIP administration will establish the standard operating reserve as proposed.

Single bank account for two funds

57. As at 31 December 1999, the reported bank account balance of UNFIP was $9,429,054. The Board noted that this amount had been retained in a single bank account and covered the specific trust fund (QGA) and the programme support account (QAA). This arrangement required the creation of an inter-fund receivable for QAA funds deposited in the QGA bank account. Interest income and bank charges had to be apportioned to the two accounts in proportion to the amount and the number of days the accounts had been maintained in the bank.

58. The Board was concerned that the financial statements of the specific trust fund and the programme support account did not provide sufficient information to determine the cash portion of the two accounts. This is because the inter-fund included cash transactions pertaining to the United Nations General Fund. This also led to difficulty in identifying inter-fund receivables and payables between the two funds.

59. The Board further noted that the inter-fund account was not regularly settled, posing further difficulty in determining how much was due to and from each of these two funds.

60. **The Board recommends that UNFIP liaise with the Office of Programme Planning, Budget and Accounts and the United Nations Treasury to review the banking arrangements of the UNFIP specific trust fund account and the programme support account to ensure that the cash positions of the two funds is properly reflected.**

5. Inter-office vouchers

61. United Nations offices use the inter-office voucher system to recharge other United Nations offices for payments made on their behalf. The United Nations Accounting Manual requires that inter-office vouchers be reflected promptly and as accurately as possible in the financial reports and statements.

Reduction of outstanding inter-office vouchers

62. The total debit balance (in inter-office transactions pending processing) had declined from $23.43 million as at 31 December 1997 to $14.03 million as at 31 December 1999. The total credit balance had increased from zero in 1997 to $3.77 million as at 31 December 1999. This occurred despite the vigorous efforts of the Office of Programme Planning, Budget and Accounts in response to previous recommendations of the Board of Auditors.

63. The Administration informed the Board that every effort would be made to clear the remaining outstanding inter-office vouchers as rapidly as possible.

Reconciliations with offices away from Headquarters

64. The Board analysed the reconciliation statements of outstanding inter-office vouchers and noted significant disagreements between the records of United Nations Headquarters and offices away from Headquarters involving 1,561 inter-office transactions. A total of 239 inter-office vouchers from offices away from Headquarters, with debit and credit balances of $58,000 and $1.3 million respectively, were not recorded by Headquarters. Similarly, the field offices did not record in their accounts a total of 1,322 inter-office vouchers from Headquarters, with debit and credit balances of $12,000 and $8.1 million respectively.

65. The Administration informed the Board that a copy of the reconciliation statement had been sent to all offices away from Headquarters to address the causes of the discrepancies and that every effort was being made to minimize the variances.

6. Accounts receivable and payable

66. As at 31 December 1999 the total under "other accounts receivable" (which excludes assessed contributions receivable) amounted to $138.8 million for the General Fund and related funds. Of that amount, $22 million (16 per cent) had been outstanding between 13 and 24 months and $3 million (2 per cent) had been outstanding for more than 24 months. The amount outstanding for more than one year was attributable to seven debtors, each of whom owed in excess of $100,000, and accounts receivable relating to after-service health insurance totalling $411,252, which represented medical insurance premiums due from former staff members. Of that amount, $82,695 (20 per cent) had been outstanding between 13 and 24 months and $92,118 (22 per cent) had remained uncollected for more than two years.

67. The Administration informed the Board that some of the after-service health insurance receivables had already been cleared, but the corresponding credits were shown under different payees in the IMIS-generated ageing report.

68. **The Board recommended that the Administration strengthen its efforts to collect receivables, particularly those outstanding beyond one year. The Administration agreed to the recommendation.**

7. Reimbursable costs of conferences and meetings

69. The Board evaluated the promptness of billing for interpretation services provided on a reimbursable basis at United Nations Headquarters. The Board noted that between January and June 1999 there were 19 meetings, with total costs estimated at $176,435, where interpretation services were provided under this arrangement. However, in only one case, involving an amount of $21,300, had action been taken to bill for the interpretation services rendered. In the remaining 18 cases, involving a total amount of $155,135, no billing action had been taken as at 31 December 1999, some 6 to 10 months after the conferences had ended.

70. **The Board recommends that the Department of General Assembly Affairs and Conference Services take action to render invoices for interpretation services provided on a reimbursable basis in respect of 18 meetings held between January and June 1999. The Board further recommends that the Department establish a mechanism for the prompt billing for all services supplied on a reimbursable basis.**

71. The Administration informed the Board that new internal procedures intended to make the recovery of costs more systematic and to reduce delays had been established in the Department. Recovery action in respect of the outstanding amount of $155,135 had commenced.

8. Revenue-producing activities

72. Total net income from revenue-producing activities for the biennium 1998-1999 amounted to $5.8 million. This represented an increase of $1.5 million (35 per cent) compared with the previous biennium. The net increase in income was achieved mainly through a reduction in the cost of sales, staff and other personnel costs, operating expenses and promotional costs. The Board noted that the excess of income over expenditure was arrived at after deducting a loss of $1.6 million in respect of services to visitors.

73. Accounts receivable from the sale of publications as at 31 December 1999 totalled $2.17 million. Of that amount, $0.33 million (15.4 per cent) had been outstanding for more than two years. The Board noted that 195 customers had been extended credit beyond their credit limit. Moreover, there were customers who had been continuously extended credit despite not having settled their accounts for more than two years.

74. **The Board recommends that the Administration:**

(a) Strictly adhere to the credit limit set for each customer;

(b) Regularly review customers' accounts receivable and take steps to recover long-outstanding balances.

75. The Administration informed the Board that it would institute a semi-annual review of accounts receivable, as a part of which credit limits would be assessed in line with the Board's recommendation.

9. Write-off of losses of cash, receivables and other accounts

76. In line with financial rule 111.10 (b), the Administration provided the Board with details of cash, stores and other assets written off during the biennium ended

31 December 1999. This included long-outstanding receivables amounting to $459,536 and property totalling $9.9 million (based on original costs) written off in accordance with financial rule 110.15. The amounts written off were as follows:

	Cash	*Receivables*	*Property*
Organization		*United States dollars*	
United Nations Headquarters	-	132 147	6 316 560
Economic Commission for Africa	-	201 509	-
United Nations Special Mission in Afghanistan	-	62 794	-
United Nations at Geneva	-	25 669	-
United Nations Office at Vienna	-	16 993	-
Economic Commission for Latin America and the Caribbean	-	16 392	1 370 423
United Nations Truce Supervision Organization	-	2 402	548 925
Economic and Social Commission for Asia and the Pacific	-	1 630	-
United Nations information centres	77	-	700 463
Department for Development Support and Management Services	-	-	511 859
United Nations Postal Administration	-	-	155 190
United Nations Special Commission	-	-	147 751
United Nations Office in Liberia	-	-	72 728
United Nations Guard Contingent in Iraq	-	-	45 440
Total	**77**	**459 536**	**9 869 339**

10. Ex gratia payments

77. The Administration informed the Board that ex gratia payments amounting to $46,194 had been made during the biennium 1998-1999 in accordance with financial rule 110.13.

C. Management issues

1. Integrated Management Information System

78. In accordance with paragraph 3, section VII, of General Assembly resolution 53/214 of 18 December 1998, the Board of Auditors reviewed the status of implementation of the recommendations contained in its report on the updated special audit of IMIS (A/52/755, annex), taking into account the provisions of Assembly resolution 52/227. In addition, the Board continued to monitor the activities related to the IMIS project as part of its ongoing regular audits of the financial statements.

79. The status of implementation by the Administration of the recommendations of the Board is contained in annex II to the eleventh progress report of the Secretary-General on the IMIS project (A/54/474). Further progress made since then was

communicated to the Board of Auditors in April 2000 by the Under-Secretary-General for Management. The results of the Board's evaluation of the action taken by the Administration and the comments and findings of the Board are set out below.

Implementation of the Integrated Management Information System

80. The IMIS project, launched in 1988, is complex and challenging and is intended to provide a computerized management information system across the whole Organization with links to the several funds and programmes. To date, the General Assembly has approved the estimated cost of $77.6 million to implement IMIS. As at 31 December 1999, actual expenditures incurred amounted to $70.9 million.

81. IMIS is being developed and implemented in stages, known as releases. Initially, the Administration expected the project to be completed at Headquarters in New York by January 1994 and by July 1994 at all offices away from Headquarters. The Administration informed the Board in April 2000 that full implementation of Release 3 was planned for 1 April 2001 and that Release 4 was expected to be implemented in all offices by June 2001. The Board noted that these new target dates represented slippage in IMIS implementation of some seven years.

Release 1 (human resources and central controls)

82. Release 1 is intended to create a personnel information system that would contain all particulars of United Nations staff, including information on posts, grades, skills and personal and family particulars. It is also intended to cover consultants and vendors. Release 1 was installed at Headquarters in New York in September 1993 and is currently operating in eight major Secretariat duty stations — New York, Addis Ababa, Bangkok, Beirut, Geneva, Nairobi, Santiago, and Vienna. The recruitment-tracking module was installed at Headquarters in New York in July 1999.

83. The Board had recommended that the Administration draw up a plan of action for completion of the personnel-related tables within a specified time-frame and periodically review the accuracy of the data (A/52/755, para. 7 (a)).

84. The Administration informed the Board that further progress had been made in the implementation of Release 1. With the implementation of Release 2, most of the reference tables had been populated and the others would be populated in conjunction with the implementation of the payroll module of Release 4 and within the framework of human resources reform activities. The Administration had also started a project to populate the staff skills-related data, and the recruitment functionalities had been implemented in July 1999. Plans were drawn up to ensure that the data would remain fully synchronized until the implementation of the payroll module, scheduled for August 2000.

85. The Administration informed the Board that implementation of the payroll module might be delayed by one month, depending upon the outcome of testing and fine-tuning presently being undertaken. The Board will review further developments in its future audits.

Release 2 (staff entitlements)

86. Release 2 is meant to allow the user to see the effects of approved personnel actions on staff members' entitlements based on the direct application of the staff rules and regulations. The output forms the basis for the payroll computations. Release 2 was installed at Headquarters in New York in April 1995 but was switched off in October 1996 because of problems in performance and in some specific entitlements and the unexpected increase of records in the database because of Release 3.

87. The Board had recommended that the Administration analyse the reasons Release 2 did not work, draw up a plan of action enabling Release 2 to align with the staff entitlement rules and formulate a timetable for activating the system (ibid., para. 7 (b)).

88. The Administration informed the Board that when the report on the special audit was issued, action to implement the Board's recommendations was already well-advanced. The Office of Human Resources Management, the Office of Programme Planning, Budget and Accounts and the IMIS project team had already established a detailed plan, and the changes to the system were being made and tested. An improved version of Release 2 was implemented at Headquarters (April 1998), ESCWA (July 1998), ECA, ESCAP, the United Nations offices at Geneva and Vienna (August 1998), ECLAC (September 1998) and the United Nations Office at Nairobi (January 1999), as well as at UNDP and UNICEF.

89. The system currently determines and calculates gross salary, staff assessment, pension contribution, salary differential and allowances for dependency, adjusted dependency, hardship, mobility, language proficiency and non-resident status. The system likewise automatically computes post adjustment and education grants.

90. The Board was pleased to note that Release 2 was already in operation at all major duty stations.

Release 3 (financial and support service applications)

91. Release 3 is intended to cover accounting, financial and travel applications as well as integration with the existing procurement application. Release 3 was installed at Headquarters in New York in April 1996, and its travel and transportation and electronic funds transfer functionalities were implemented in September 1997 and October 1999 respectively.

92. The target date for implementation of Release 3 set in the eleventh progress report (A/54/474) was 30 November 2000. To date, Release 3 has been implemented at three major duty stations: the United Nations Office at Vienna (July 1999), ESCWA (October 1999) and the United Nations Office at Geneva (April 2000), and was expected to be implemented at all duty stations by 1 April 2001. The Administration attributed the delay in implementation to conflicting priorities. Implementation at ESCAP was scheduled for February 2001 and at the United Nations Office at Nairobi for April 2001.

Diagnostic tools

93. The Board had recommended that the Administration expedite the development of a formal set of diagnostic tools in order to improve the quality and

reliability of data recorded in IMIS and also to ensure the development of reports that are relevant to the users (A/52/755, paras. 7 (c) and 48).

94. The Administration informed the Board that nine diagnostic tools had been developed since February 1998, two others were being developed, and three new tools concerning time and attendance recording were expected to be moved to production along with the implementation of the payroll module of Release 4. The Administration added that the IMIS financial diagnostic tools were run routinely, either daily or weekly, to examine the integrity of the IMIS-posted accounting data. However, only the last eight runs of each diagnostic tool were kept in the system; the older ones were deleted automatically. Results were monitored daily, and any issues were brought to the attention of the IMIS finance analyst and the Office of Programme Planning, Budget and Accounts for action. The Administration also informed the Board that the results confirmed the auditability, reliability and stability of IMIS.

95. The Board noted from its present review that there remained a number of discrepancies in financial data that had yet to be resolved by the Administration, as well as some gaps in the audit trail.

Integrated Management Information System reporting facility

96. The Board had recommended that the Administration treat as a high priority the development of regular reports in IMIS to facilitate the preparation of financial statements, in addition to resolving data integrity problems. The Board had also recommended that the Administration overhaul the existing IMIS reporting facility application to make the extract tables easier to use and develop a comprehensive reporting system to meet the processing requirements of different users for regular retrieval of information, thereby minimizing the necessity of ad hoc queries on the database (ibid., paras. 7 (d) and (k)).

97. The Administration informed the Board that the number and quality of standard reports made available to users had been increased. As at September 1999, there were already 200 finance-related reports in production that were supplemented by standard queries already available to specialized users in the Office of Programme Planning, Budget and Accounts. As at 1 June 2000, finance-related reports in production increased to 404, and 54 reports were in progress. The capability of downloading selected data to standard office automation tools was included in the reporting facility application early in 1998, which greatly improved the availability of data to end-users. Although the response time of the facility had improved, some requirements of the Office of Programme Planning, Budget and Accounts for monitoring its operations would continue to be satisfied with standard queries, especially those needed by highly specialized staff.

98. The Board welcomes the increase in the number and quality of reports now available in the IMIS reporting facility application and the inclusion in the application of the capability to download data to standard office automation tools such as Excel, Quattro Pro and Lotus, which the Board considers will facilitate the use of extract tables from the IMIS database.

99. Notwithstanding the improvement in the IMIS reporting system during the biennium 1998-1999, the Board noted that IMIS Release 3 had not yet been developed sufficiently to enable the consolidated financial statements to be prepared

on the basis of a consolidated database, which should be used to incorporate data from offices away from Headquarters with the Headquarters accounts. Thus, the Administration was forced to prepare ad hoc reports in order to merge the information. In preparing the ad hoc reports, Headquarters and field office accounts were adjusted, reclassified or regrouped outside of IMIS. This practice is not only time-consuming and resource-intensive, but it also increases the risk of error. For example, in statement V, the Board noted three discrepancies pertaining to deferred expenditures. Those discrepancies, which totalled $136,700, arose from the need to regroup, reclassify or consolidate field accounts.

100. The Board also noted that the ad hoc reports, which were not subject to review and approval, did not provide an adequate audit trail between the IMIS-generated reports and the financial statements. Therefore, it was difficult to validate the adjustments that were made to the account balances in order to prepare the financial statements.

101. **The Board recommends that the Administration develop and implement, as a matter of priority, a consolidated database to facilitate the preparation of consolidated financial statements and to reduce the reliance on ad hoc reports. The Board also recommends that the Office of Programme Planning, Budget and Accounts ensure that all adjustments made in the preparation of the financial statements are approved and supported by an adequate audit trail.**

102. The Administration informed the Board that the consolidated database was being tested and delivered. The preparation of consolidated financial reports from IMIS, however, would not be possible until all duty stations had implemented the system.

Accounts receivable and payable

103. The Board, in its report on the United Nations for the biennium 1996-1997,[2] had recommended that the Administration modify Release 3 of IMIS to avoid the necessity of introducing substantial adjustments to accounts receivable and accounts payable outside IMIS; to provide detailed information about debtor/creditor identity in respect of each item of accounts receivable and accounts payable; and to enable the Organization to actively pursue recovery, especially in long-outstanding accounts (para. 39).

104. The Board's review of the accounts receivable and accounts payable revealed that the amounts disclosed in the financial statements included negative balances of $518,881 and $118,489 respectively, which arose from difficulties experienced in matching receivables and payables with the underlying transactions and also from the incomplete identification of payors and payees in the IMIS database. The negative accounts were also attributed to delays in updating the database of payors and payees whenever there were changes in their status from one type to another. As a result of the shortcomings in the system, it was necessary for the Office of Programme Planning, Budget and Accounts to manually match the accounts to identify the name of the payors and payees and the identification references which were not specified when the transactions were recorded in IMIS.

105. The Board is concerned that the Administration has not yet implemented an important recommendation concerning debtor/creditor identity and that this has given rise to errors and inconsistencies in the financial records. The Board reiterates

its recommendation made in its previous report (see para. 103 above) and urges the Administration to implement the recommendation as a matter of priority.

106. The Administration informed the Board that it would take the action necessary to address the technical issues that gave rise to negative accounts receivable and accounts payable, and assured the Board that it would intensify its efforts to assign proper payor/payee identification to accounts receivable and accounts payable.

Electronically transferred inter-office vouchers

107. A factor that slowed down the processing of outstanding inter-office accounts was the high percentage of rejection of inter-office vouchers electronically transferred by offices away from Headquarters to Headquarters that had to be "bridged" into IMIS. About 85 per cent of those transactions were rejected by IMIS. The Board was concerned that the high percentage of rejections not only delayed the immediate processing of inter-office vouchers but also complicated and lengthened the procedures, as the rejected vouchers had to be manually entered into IMIS. Moreover, this time-consuming procedure exposed the data to a greater risk of error.

108. **The Board recommends that the Office of Programme Planning, Budget and Accounts, in conjunction with the IMIS project team, promptly address the problem of the high rate of rejection of inter-office vouchers to reduce or eliminate the manual encoding into IMIS of inter-office transactions from offices away from Headquarters and to obtain the optimum benefit of automation.**

109. The Office of Programme Planning, Budget and Accounts informed the Board that it had already brought to the attention of the IMIS project team the failure of the inter-office voucher bridge to process the required liquidation of obligations as well as other items affecting the automated processing of data. Most of the failures in the IMIS bridge, however, are due to data problems, that is, the non-compliance by the users at offices away from Headquarters with the instructions provided by the Office. With the introduction of automated processing of inter-office vouchers in IMIS, the liquidations would be automated between offices using IMIS.

Reports generated by the Integrated Management Information System

110. Although the Accounts Division correctly reflected the level of unpaid assessed contributions in the financial statements as at 31 December 1999, the IMIS reporting system had double-counted prior-year balances of unpaid assessed contributions in interim reports prepared by the Accounts Division during the second year of the biennium. The Board was therefore concerned that IMIS records on unpaid assessed contributions during the second year of the biennium did not tally with the reports maintained by the Contributions Service.

111. **The Board recommends that the IMIS project team take action to improve the design of interim reporting on unpaid assessed contributions during the second year of the biennium.**

Archiving of Integrated management Information System data

112. The Board noted that IMIS had no facility to transfer data into archives and could not therefore apply the archiving policy. As a consequence, reports produced by IMIS that are intended to provide information on the current biennium continue

to include data relating to previous bienniums. In addition, the Board is concerned that, without an archiving facility, IMIS data will continue to accumulate and as a result the operation of the system will increasingly slow down.

113. **The Board recommends that the Administration develop an archiving facility for IMIS as a matter of priority.**

Other issues

Monitoring of problems

114. The Board had recommended that the Administration draw up a comprehensive plan of action indicating time schedules and the resources needed to resolve all the outstanding problems generated in IMIS (A/52/755, para. 7 (e)).

115. The Administration informed the Board that the implementation at offices away from Headquarters was totally and exclusively conducted by staff from the Office of Programme Planning, Budget and Accounts, the Office of Human Resources Management, the Office of Central Support Services and the IMIS project team, who also have to attend to their regular duties. The Administration decided to increase the level of support to the offices away from Headquarters for testing Release 4, covering payroll-related functions, and integrating it with Release 3, since those tasks could not be assigned to contractors or temporary staff. In addition, the schedule for implementation was based on the estimated level of readiness of each office to implement Releases 3 and 4 based on the status of local data. The Administration added that the implementation of Release 4 at other offices would depend upon the operations at Headquarters and the success of the implementation of Release 3. It would be only at the end of 2000 that firmer implementation dates for Release 4 could be established.

116. The Administration had not yet informed the Board of actions taken to address the 732 outstanding test problem reports and system enhancement requests relating to Releases 1, 2 and 3, which were classified as high priority as at 30 June 1997 and were referred to in the Board's report (ibid., para. 58).

117. **The Board recommends that the Administration review all outstanding test problem reports and system enhancement requests and draw up a comprehensive plan of action to resolve the underlying issues.**

Project management

118. The Board had recommended that the Administration amend the IMIS contract to update the list of deliverables and the work plan and use them to monitor payments and deliverables (ibid., para. 7 (f)).

119. The Administration informed the Board that it had defined the list of outstanding deliverables for Releases 4 and 5 and had finalized an amendment to the contract to reflect them; also, with the exception of minor items to be delivered on the basis of specific task orders, the entire system had been delivered, however, Release 4 has been in the test phase since March 1999.

120. The Board will monitor this issue in future audits.

121. The Board had recommended that the Administration clearly define system enhancement requests in order to ensure that the contractor bears due responsibility for carrying out work that is within the scope of the contract (ibid., para. 7 (g)).

122. The Administration informed the Board that all "out of scope" tasks that have to be performed by the contractor have been itemized and clearly identified in the revised contract.

123. The Board notes the comments of the Administration and will monitor this issue in future audits.

124. The Board had also recommended that the Administration secure adequate in-house expertise on the logic, hard codes and other technical features of the system in order to reduce dependence on the IMIS contractor (ibid., para. 7 (h)).

125. The Administration informed the Board that ongoing maintenance was already being performed by United Nations staff members. The Board was provided with the accomplishments or activities of the project staff in the functional areas of finance, support services, human resources, Release 4 and training. The Board is pleased to note these developments and will evaluate the adequacy of the maintenance procedures in its future audits.

126. The Board had recommended that sufficient qualified staff be deployed to develop in-house capacity to manage the system (ibid., para. 7 (i)).

127. The Administration informed the Board that steps had been taken to develop in-house expertise in various divisions and departments at Headquarters to develop or update desk procedures and also to request additional resources to further strengthen their capability to manage the system.

128. The Board recognizes the continued efforts of the Administration to deploy sufficient qualified manpower to manage IMIS and was pleased to note that desk procedures were now available to help IMIS users. The Board will further monitor developments.

129. The Board had recommended that the Administration regard as a high priority the full implementation of the long-term maintenance plan of IMIS, which should take into account the requirements and responsibilities of user offices (ibid., para. 7 (j)).

130. The Administration informed the Board that maintenance activities were currently performed exclusively by the IMIS project team. The Board noted the position and will monitor this issue in future audits.

Integrated Management Information System users and security

131. The Board had recommended that the Administration obtain the requisite approvals for the information systems security policy and implement it soon (ibid., para. 96).

132. The Board noted that instances of security gaps still existed. This included authority to use IMIS beyond the expiration date of individual fixed-term contracts and users who were assigned the same user identification number.

133. The Administration informed the Board that security liaison officers for each department had been furnished a copy of the list of IMIS users along with other reports on users on a quarterly basis.

134. The Board considers that there is still room for improvement in this important area of system security. The Board suggests that the Administration take action to implement the Board's recommendation concerning information system security.

135. The Administration proposes to generate quarterly reports listing staff separated from the Organization or transferred and will circulate the list to the security liaison officers for discontinuing the identification numbers.

2. International Civil Service Commission

136. In its resolution 51/216 of 18 December 1996, the General Assembly, recognizing that an audit of the work of ICSC had not been undertaken since its establishment, requested the Board of Auditors to conduct a management review of all aspects of the work done by the ICSC secretariat. In its subsequent report (A/52/811), the Board made 15 recommendations.

137. The General Assembly, in paragraph 186 of its resolution 54/249 of 23 December 1999, requested the Board of Auditors to submit a report on the status of the implementation of the recommendations contained in its report on the management review of the ICSC secretariat (A/52/811) and to make further recommendations in that regard.

138. The result of the Board's evaluation of the action taken by the Administration and the present comments and findings of the Board are set out below.

Application of the Noblemaire principle

139. The Board had recommended that the ICSC secretariat make proposals to the Commission and the General Assembly to establish a total compensation methodology for assessing the competitiveness of the United Nations common system salaries for Professional staff in relation to those of the comparator (A/52/811, para. 11 (a)).

140. The ICSC secretariat informed the Board that it would commence work on a total compensation methodology in 2000 for presentation to ICSC at its spring 2001 session.

141. The Board notes the action planned and will monitor the results.

Differential between the United Nations common system and comparator remuneration (margin)

142. The Board had recommended that the ICSC secretariat address the problem of inter-grade differentials for Professional staff in a manner that provides that margins at all grade levels are contained within the prescribed limits (ibid., para. 11 (b)).

143. In May 2000 the ICSC secretariat informed the Board that it was completing its quinquennial study of grade equivalencies with the comparator civil service — the United States federal civil service. Results of this study and new margin calculations would be presented to ICSC at its July/August 2000 session. In this

manner, margins at all levels would be identified and, based on the new information, ICSC would consider suitable recommendations to the General Assembly.

144. The Board looks forward to seeing the results of the quinquennial study of grade equivalents.

Assessment of spending patterns

145. The Board had recommended that the ICSC secretariat develop a strategy to determine more accurately the common expenditure weights, taking into account the expected response rate. This strategy could incorporate a mix of suitable options, such as simplifying questionnaires, using interviews in preference to self-administered questionnaires, making use of data from national statistical offices with necessary corrections on the basis of a test study, and exploring the possibility of obtaining data from other international employers (ibid., para. 11 (c)).

146. The ICSC secretariat informed the Board that at its fifty-first session (April 2000), the Commission had approved the recommendations of the Advisory Committee on Post Adjustment Questions relating to an improved methodology for carrying out price surveys and staff questionnaires, starting with headquarters duty stations in 2000. The ICSC secretariat added that staff questionnaires had been significantly improved and simplified and that this was expected to result in greater participation by staff in surveys.

147. The Board notes the progress made in this area.

Price collection surveys

148. The Board had recommended that the ICSC secretariat devise, for the purpose of pricing surveys, strategies to identify independently the outlets with high, moderate and low prices at Headquarters and major duty stations away from Headquarters, with the assistance of local Governments (ibid., para. 11 (d)).

149. The ICSC secretariat informed the Board that upon the recommendation of the Advisory Committee on Post Adjustment Questions, the Commission had approved a procedure whereby the assistance of national statistical offices would be solicited, wherever possible, to ensure a reasonable distribution of outlets, particularly at major duty stations.

150. The Board will keep this matter under review.

Determination of out-of-area expenditure weights

151. The Board had recommended that the ICSC secretariat establish a clear and durable policy for fixing out-of-area expenditure weights (ibid., para. 11 (e)).

152. As contained in its report for 1998,[3] ICSC considered that there was no need to re-examine its current position vis-à-vis out-of-area weights (para. 28). ICSC had reported that to ensure fairness and equity of treatment of all parties, the establishment of out-of-area weights had to be dynamic in order to take into account widely differing economic conditions such as price levels, inflation rates, exchange rates and availability of goods and services.

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[3] Ibid., *Supplement No. 30* and corrigendum (A/53/30 and Corr.1).

153. The Board notes the position of ICSC and will monitor this issue in its future audits.

Equalization of purchasing power

154. The Board had recommended that the ICSC secretariat examine the recent changes made by other comparable international organizations and, if feasible, develop a methodology to equalize purchasing power vis-à-vis the base city (New York) more accurately and more frequently (ibid., para. 11 (f)).

155. ICSC considered that no specific action on this recommendation was required at this time. Nevertheless, the Commission informed the Board that the secretariat maintained professional contacts with comparable international organizations, which continuously re-evaluated and modified their systems to respond to changing economic conditions around the world.

156. The Board trusts that the ICSC secretariat will regularly study and assess other methodologies to equalize purchasing power of staff for presentation to the Advisory Committee on Post Adjustment Questions and ICSC as appropriate, and will monitor the results in its future audits.

Salary survey methodology

157. The Board had recommended that the ICSC secretariat review the use of the regression technique for determining the 75th percentile and make suitable modifications in the methodology so that it does not produce the anomaly of increasing the average salary per job when a relatively poorly paying employer with a large staff is included in the employers surveyed (ibid., para. 11 (g)).

158. The ICSC secretariat informed the Board that the Commission did not concur with the finding that the use of the regression technique applied for determining the 75th percentile would produce anomalous results.

159. The Board takes note of the position of the Commission and notes that this issue will be addressed by the ICSC secretariat when the Commission next reviews the General Service salary survey methodology.

Determining General Service salary scales by grade

160. The Board had recommended that, in view of the experience in the case of the Professional category, for which the regression technique was abandoned in 1994, the ICSC secretariat study the effect of this technique on General Service salaries at various duty stations over a period of time and discontinue the use of the technique if it affects the final results significantly (ibid., para. 11 (h)).

161. The ICSC secretariat informed the Board that ICSC had agreed to review the effects of regression analysis techniques when it next reviewed the General Service salary survey methodology to ensure that it continued to be the most effective tool for dealing with anomalous situations that might arise in the collection of salary data from various sources.

162. The Board looks forward to seeing the results of the review of the General Service salary survey methodology.

Treatment of pension and other social benefits in setting salaries

163. The Board had recommended that the ICSC secretariat compare and quantify the difference in pension and other social benefits of the United Nations common system and the comparator employers for determination of salaries. The ICSC secretariat should also examine the use of the "cost to employer approach" and consider factoring that cost into the salaries, as is already being done in the case of non-cash and fringe benefits, such as low-interest loans and subsidized cafeteria and parking facilities (ibid., para. 11 (i)).

164. The ICSC secretariat informed the Board that the Commission had considered and rejected, on a number of occasions, the need to quantify pension and other social benefits. The Commission considered that it had found the right balance between the objective of the Flemming principle, the respect for universal application of certain United Nations conditions of employment and the undue cost and complexity of quantifying all forms and conditions of employment.

165. The Board notes the position of ICSC and will evaluate in its future audits the implications of the Commission's policy decision that social provisions, such as pensions and leave, had no direct bearing on the salary recommendations of ICSC emanating from local salary surveys.

Career development and training

166. The Board had recommended that the ICSC secretariat reactivate its work towards an overall approach to career development as endorsed by the General Assembly (ibid., para. 11 (j)).

167. The ICSC secretariat informed the Board that the Commission had embarked on two major career development projects. The first was the framework for human resources management and the second was the whole scale review of the pay and benefits system of the United Nations. The ICSC secretariat added that career development and career management were an integral part of the United Nations pay and benefits system and as such would be given priority by the Commission as it considered all potential system improvements.

168. The Board was pleased to note that the ICSC secretariat had made progress in its work on career development.

Gender balance and the status of women in the employ of organizations of the United Nations common system

169. The Board had recommended that the ICSC secretariat finalize and submit its progress report on the status of women without further delay (ibid., para. 11 (k)).

170. The ICSC secretariat informed the Board that the Commission had finalized the progress report on the status of women (ICSC/47/R.14) at its forty-seventh session (20 April-15 May 1998). Additionally, the ICSC secretariat reported to the Board that the Commission had decided to review the situation again at its fifty-fourth session, in summer of 2001.

171. The Board is pleased to note the developments.

Workload indicators and rationalization of resources

172. The Board had recommended that the ICSC secretariat re-establish workload indicators and prepare well-defined staff norms directly related to the workload for each item of work so that resource requirements can be established (ibid., paras. 11 (l) and (m)).

173. The ICSC secretariat informed the Board that during the past year it had not been able to focus on internal management initiatives owing to considerable staff changes at the senior level and the replacement of 10 Professional staff members. Nonetheless, it had undertaken a rationalization of its work process in preparation for a full-scale review of electronic data-processing systems in the secretariat. The ICSC secretariat intends to continue its efforts towards establishing workload indicators in parallel with the implementation of new data-processing systems.

174. The Board will monitor further developments.

Information technology applications

175. The Board had recommended that the ICSC secretariat establish a personnel database comprising the organizations of the common system and containing comprehensive data on staff deployment and staff salaries and allowances in the respective grades, using the database of the secretariat of the Consultative Committee on Administrative Questions as appropriate (ibid., para. 11 (n)).

176. The ICSC secretariat informed the Board that the establishment of a comprehensive human resources database of common system staff was slowly becoming a reality. To date, the database utilized by the secretariat has been compiled by the Consultative Committee on Administrative Questions. However, the improved level of sophistication of United Nations organizations' information systems and the secretariat's projected new database should eventually permit the secretariat to receive the desired data directly from various organizations. Thus, data could be stored in a manner that is more suited to the secretariat's work.

177. The Board notes the action being taken.

178. The Board had recommended that the ICSC secretariat introduce a computerized integrated management information system in active coordination with organizations of the United Nations common system with a view to improving the current procedures for data collection, transmission and processing. This should also be used for periodic reviews of the mobility and hardship allowance, the daily subsistence allowance and education grants. The system should be compatible with the computer systems of the organizations of the common system, and its introduction should be preceded by the identification and quantification of savings in terms of reduced staff and other costs that would be effected as a result of the automation (ibid., para. 11 (o)).

179. ICSC informed the Board that the review of the secretariat's data-processing systems was to commence in 2000. It had been scheduled for 1999 but was delayed by two circumstances: multiple departures of senior secretariat staff and unforeseen delays in obtaining contract finalization through United Nations legal and purchasing offices.

180. The Board notes the action planned by the ICSC secretariat.

181. In general, the Board was pleased to note the progress made by the ICSC secretariat in implementing the recommendations of the Board. The Board looks forward to further progress on the development of a total compensation methodology, the results of the quinquennial study of grade equivalencies with the comparator civil service, the results of the Commission's review of regression analysis techniques, the development of a framework for human resources management and the whole scale review of the pay and benefits system of the United Nations and the results of the review of the data-processing systems.

3. Arbitration and claims cases

182. The Advisory Committee on Administrative and Budgetary Questions, in its first report on the proposed programme budget for the biennium 2000-2001,[4] requested the Board of Auditors to conduct a specific examination of practices and procedures with regard to the handling of arbitration/claims cases by the United Nations Administration (para. III.18).

183. In March 2000, the Board provided the Advisory Committee with an initial report on the Board's findings and recommendations. In the present report, owing to confidentiality requirements, the Board has not referred to the names of claimants or to individual amounts awarded. Specifically, the Board focused its examination on the following:

(a) The extent to which contract negotiation has minimized the Organization's exposure to claims;

(b) Procedures for the selection of arbitrators and outside legal counsel and their payment, with particular attention to the negotiation of fees, the certification of payments and the line of authority and provision of internal oversight for the same;

(c) The requirement for full budgetary disclosure of fees, awards and settlements.

184. The Office of Legal Affairs, through the General Legal Division, handles the legal aspects of settling disputed claims, which may include the legal analysis and evaluation of the case, direct negotiation with the claimant, selection of an arbitrator and outside legal counsel and the formulation of a settlement agreement. The General Legal Division's role includes supervising all aspects of representation of the United Nations by outside counsel in arbitration cases, monitoring all aspects of the cases, reviewing all pleadings and briefings filed by outside counsel, coordinating interviews with relevant United Nations personnel and witnesses and reviewing statements.

185. Thirty-two cases involving total claims of some $333.29 million were either decided, settled or pending during the biennium 1998-1999. Twelve cases involving claims totalling $285.28 million were submitted to arbitration. Twenty cases with an estimated claim value of $48.01 million were considered for amicable settlement. All those cases involved amounts over $50,000, for which the General Legal Division had taken the lead in handling the claims.

186. From January 1998 to 10 November 1999, 5 of the 12 cases submitted to arbitration were resolved, resulting in the payment of $9.7 million for principal

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[4] Ibid., *Fifty-fourth Session, Supplement No. 7* (A/54/7), chap. II.

claims and interest, as compared with the original amounts claimed totalling $79.86 million. Arbitration costs in respect of the five cases amounted to $4.07 million, which comprised arbitral fees, legal fees and other related payments. At the time of the audit, in November 1999, the remaining seven cases, with claims totalling $205.34 million, were pending settlement.

187. The Board examined 17 arbitration/claims cases involving claims totalling $308.66 million focusing on: (a) the extent to which contract negotiation had adequately minimized the Organization's exposure to claims; (b) the procedures for the selection of arbitrators and outside counsel and their payments and internal control; and (c) the requirement for full budgetary disclosure of fees, awards and settlements.

(a) Extent to which contract negotiation had adequately minimized the Organization's exposure to claims

Contract formulation, review and implementation

188. In four contracts with a combined value of $42 million in respect of the delivery of goods and services to different peacekeeping missions, the Board noted that the United Nations was judged liable to pay compensation amounting to $12.2 million to contractors, mainly because of deficiencies in contract formulation, review and implementation.

189. In the first case (a contract for $14 million) the Board noted that a dispute had arisen between the contractor and the United Nations when the Organization refused to pay for amounts alleged to be owed under two contracts and to compensate the contractor for the delivery of stocks in anticipation of the renewal of its contract. The arbitral tribunal ruled that it was incumbent upon the United Nations to make unambiguously clear to the contractor that the United Nations commitment to take "transition stocks" was limited and since it did not do so, it became bound to purchase the entire stock. The arbitral tribunal further ruled that there was an implied obligation for the United Nations to pay the cost of warehousing the stock and that, when the stock was delivered and accepted by the United Nations, the contractor was no longer under an obligation to obtain and pay for any additional customs clearance.

190. In the same case, the contract provided that the amount to be paid to the contractor should be in United States dollars. The Office of Legal Affairs claimed that the contract had been prepared by the Purchase and Transportation Service (now the Procurement Division) without the Office's review, and that the Procurement Division had agreed, in a letter to the contractor dated July 1994, that the contract would be settled in deutsche marks. The Office had further indicated that the Procurement Division should have drawn up a formal contract amendment to reflect the currency change. The arbitral tribunal ruled in favour of the contractor and awarded compensation accordingly.

191. In the second case (a contract for $10 million) a dispute arose in a contract for the delivery of fuel because of an ambiguity in the specification of the quantity of fuel to be transported and delivered to a peacekeeping mission. Whereas the contract stated that the delivery was per trip per drop-off, the United Nations contended that the intent was for the contractor to deliver 30,000 litres of fuel per trip. During the hearing of the arbitral tribunal, it was established that a United Nations official who

was responsible for the negotiation of the agreement had substituted "per trip per drop-off" for "30,000 litres" when the agreement was being finalized. The arbitral tribunal ruled in favour of the contractor.

192. The third case (a contract for $1.3 million) pertained to a claim involving a "trial print purchase order" (draft purchase order) issued to the contractor by a peacekeeping mission in respect of the purchase of 225,000 cases of mineral water and a separate claim for containers arising from purchase orders issued to a subcontractor. The contractor delivered mineral water on the basis of the draft purchase order and the peacekeeping mission's letter requesting the contractor to ship the water and indicating that a purchase order would follow. The mission refused payment, claiming that there was no valid contract between the contractor and the Organization. The Office of Legal Affairs, however, considered that an arbitrator would find that a contract had been concluded between the contractor and the United Nations. The contractor claimed that it had received representations from the mission's procurement staff that all of the terms and conditions contained in the draft purchase order had been accepted by the mission. No explanation was offered by the mission as to how and why the draft purchase order had been given to the contractor. The claim was settled in negotiations following a non-binding mediation procedure.

193. The Board was concerned that the peacekeeping mission had issued a written request to a supplier to ship a large supply of bottled water without a formal purchase order's having been issued and that the draft purchase order had created a contractual obligation for the United Nations.

194. In the fourth case (contracts involving $16.7 million), among the issues raised was whether, in the event that the down time of aircraft exceeded five days, the full period would be deductible from the contractor's invoices or whether the deduction would be limited to the down time exceeding five days. The contract provided that each aircraft in the fleet would be allowed, without deduction, up to five days per month for maintenance, provided that United Nations operations were not disrupted. If the aircraft remained unavailable for more than five days per month for maintenance, then the United Nations would, in accordance with the basic charter agreement, be entitled to a proportionate reduction in the total price and the monthly operating cost. The United Nations contended that there was a long-standing custom that, once the five-day grace period had been exceeded, the whole down time, including the five days, were chargeable to the contractor. The arbitral tribunal ruled in favour of the contractor.

195. The Office of Legal Affairs informed the Board that it provided analyses of decisions to departments, organized seminars on arbitration matters for client offices and participated in workshops on procurement and other topics conducted by other departments. The Office also reflects lessons learned from arbitration cases in legal documentation, such as the general conditions of contract.

196. **The Board recommends that:**

(a) The Administration further improve the dissemination of information to the relevant United Nations departments on lessons learned from decisions of the arbitral tribunal arising from deficiencies in contract formulation, review and implementation;

(b) Procurement officers exercise close control over draft purchase orders to prevent them from being used to create unintentional legal obligations;

(c) Procurement officers should prepare contract amendments promptly to reflect changes in contractual terms.

197. The Procurement Manual states that, before entering into a contract where the total expenditure is $200,000 or more, the Procurement Division shall submit the draft contract to the Office of Legal Affairs for review or request the assistance of the Office of Legal Affairs in preparing such contract. This review need not be sought if the contract is to extend or renew an existing contract without "major" changes of terms and conditions or if the contract is essentially identical to another contract previously reviewed by the Office. The Board noted, however, that the Procurement Division did not submit two new contracts, valued at $14 million and $10 million respectively, to the Office of Legal Affairs for review. In those two cases, contract deficiencies led to settlements in favour of the contractors for some $8 million (33 per cent of the contract values).

198. **The Board recommends that:**

(a) The Procurement Division, in compliance with the Procurement Manual, ensure that all new contracts in excess of $200,000, that are not identical to previous contracts are submitted to the Office of Legal Affairs for review before finalization;

(b) The Office of Legal Affairs make every effort to carry out an effective review of new contracts in excess of $200,000, in accordance with the provisions of the Procurement Manual.

199. The Administration informed the Board that in view of resource constraints, it might consider amending the Procurement Manual to provide the Procurement Division with further discretion as to which contracts are referred to the Office of Legal Affairs for advice; a dollar figure alone was not the best indication of what required a legal review.

(b) Procedures for the selection of arbitrators and outside legal counsel

200. In selecting arbitrators and outside counsel, the Office of Legal Affairs produces a shortlist of potential candidates. For arbitrators, the Office of Legal Affairs looks at factors such as internationally recognized expertise in international commercial law, impartiality and independence, an understanding of international organizations such as the United Nations and familiarity with various legal systems. In order to minimize costs for outside counsel, the Office identifies and solicits proposals, typically from a field of three to five law firms and lawyers that it believes generally have the expertise and resources needed to represent the United Nations.

201. Despite the contention of the Office of Legal Affairs that it utilizes a standard process and criteria for shortlisting prospective arbitrators and outside counsel, the Board was concerned that this process was not sufficiently transparent. The Board, in its examination of nine arbitration cases that were either decided and fully settled or pending arbitration during the biennium 1998-1999, noted that the Office confined invitations to submit proposals for appointment of arbitrators to a pool of

the same 20 law firms and lawyers. Similarly, in the selection of outside counsel, the Board noted that the Office confined invitations to submit proposals to a pool of just 13 potential outside counsel.

202. **The Board recommends that the Office of Legal Affairs issue guidelines detailing the procedures for the selection of arbitrators and outside counsel to be included in the shortlist of potential candidates in order to enhance competitiveness and make the selection process more transparent.**

203. The Administration informed the Board that it would develop formal guidelines detailing the procedure for selecting arbitrators and outside counsel.

Commencement of work by outside counsel before contract approval

204. In 4 of the 17 claims reviewed, the Board noted that outside counsel had commenced work before the contracts had been signed by all parties. Such practice contravenes a provision of an administrative instruction on institutional or corporate contractors (ST/AI/327, para. 9) prohibiting the commencement of a work assignment until a valid contract has been duly signed and dated by the authorized representative of the United Nations.

205. In one case the outside counsel began work in June 1997 and ended on 31 December 1998. The General Legal Division forwarded the recommendation for hiring outside legal counsel on 28 January 1997 and periodically followed up the matter with the Procurement Division. The Office of Legal Affairs formally proposed the contract to the Procurement Division in December 1997. The contract was signed by the outside counsel only on 10 April 1998, some 10 months after the work had commenced.

206. In the second case, outside counsel began work on 7 January 1997 and ended on 31December 1997. The General Legal Division forwarded to the Procurement Division the recommendation to engage outside counsel on 9 December 1996 and reiterated its recommendation on 30 December 1996, 26 August 1997 and 2 December 1997. In view of the urgency of the situation and with the Procurement Division's concurrence, the Office of Legal Affairs authorized the outside counsel to begin work before the contract was finalized. The General Legal Division formally proposed the contract to the Procurement Division for approval in December 1997; the contract was signed by the outside counsel that same month, some 11 months after the work had commenced.

207. In the third case, the outside counsel began work on 29 April 1997. The General Legal Division made its recommendation to the Procurement Division to retain the counsel on 4 April 1997 and formally proposed the contract to the Procurement Division on 16 May 1997. The contract was signed by the outside counsel on 28 July 1997, some three months after the work had commenced.

208. In the fourth case, the outside counsel began work on 28 April 1997 with an end date of 27 April 1998. The General Legal Division made its recommendation to the Procurement Division on 27 March 1997 and formally proposed the contract on 23 May 1997. The outside counsel signed the contract on 10 June 1997, approximately one month after commencing work. In accordance with amendment 1 to the contract, the outside counsel recommenced work on 28 April 1998. This amendment was proposed by the General Legal Division on 5 August 1998 and was signed by the outside counsel on 28 August 1998 and by the Procurement Division

on 11 September 1998, some four months after the work had commenced. The Office of Legal Affairs informed the Board that the urgency for the outside counsel to begin work immediately and the delays experienced in the procurement process had made it necessary for the outside counsel to begin work before the written contracts could be formally executed by both parties in order to protect the organizations' interests in this case.

209. **The Board recommends that:**

(a) The General Legal Division and the Procurement Division establish closer coordination in contract preparation and approval;

(b) The Procurement Division establish a system of monitoring the status of requests for contract preparation and subsequent action.

210. The Office of Legal Affairs informed the Board that the Office and the Procurement Division were seeking to improve coordination and streamline the process with respect to the preparation and conclusion of contracts with outside counsel. The delays experienced in the procurement process, together with the need to protect the interests of the Organization in arbitration cases, made it necessary for outside counsel to commence work before the written contract could be formally executed by both parties in the interest of the Organization.

Review and analysis of legal fee cap increases

211. The Board noted that in one contract significant increases were made in the legal fee cap (the maximum fee for outside counsel) based on circumstances and conditions that had already been provided for in the original contract. Although the Office of Legal Affairs had presented several factors to justify the fee cap increases, the Board noted that the increases had been stated in a lump sum and provided no details as to the specific amount applicable to each of the factors considered.

212. In the same contract for legal representation by outside counsel, the level of the fee cap increased from $0.59 million to $2.46 million over a period of just some two years. The original contract was signed by the Office of Legal Affairs in May 1997 and was amended four times as follows: in August 1998 the fee cap was increased to $0.89 million; in November 1998 it was further increased to $1.09 million; in March 1999 it was increased to $1.465 million; and in December 1999 it was increased to $2.465 million.

213. The Office of Legal Affairs informed the Board that those increases were due, among other things, to services rendered after the hearing; additional work arising as a result of the report of the Office of Internal Oversight Services; post-bid events; an increase in the volume of documents; and the revival of claims settled under a previous agreement. In addition, the Office of Legal Affairs had recommended increases in fee caps only when new developments occurred in cases not covered by assumptions or other factors on which the initial agreed cap was based. The Board noted that the legal fees paid to the outside counsel in respect of this arbitration related to a claim already settled through negotiation. In that case, the settlement agreement had provided that claims previously settled could not be revived or arbitrated.

214. The Board was concerned at the sharp increase in the level of the fee cap in a period of some two years, from $0.59 million to $2.46 million, which included two

increases totalling $0.575 million, initiated by the General Legal Division without a specific request from the outside counsel.

215. **The Board recommends that the Office of Legal Affairs review the method of setting legal fee caps with a view to strengthening control over the level of expenditure incurred for outside legal counsel.**

216. In the case concerning the increase in the legal fee cap cited above, the Board noted that the Office of Legal Affairs had submitted two amendments to the contract for outside counsel to the Procurement Division, in November 1998 and March 1999 respectively. The Procurement Division subsequently submitted both amendments to the Headquarters Committee on Contracts, in April 1999.

217. The Office of Legal Affairs explained that in November 1998 it had prepared and transmitted documentation for the first of the two amendments to the Procurement Division for presentation to the Headquarters Committee on Contracts. The Office of Legal Affairs further reported that, because of an administrative oversight, the Procurement Division did not submit the amendment to the Committee at that time, and therefore did not submit the amendment to the outside counsel for signature. In March 1999 the Office of Legal Affairs prepared and transmitted documentation for the second amendment to the Procurement Division for action. The Procurement Division presented both amendments to the Committee in April 1999.

218. The Board was concerned that by December 1998 the Office of Legal Affairs had already certified that services had been rendered by the outside counsel and had requested payments totalling $1.33 million against a contract value of $0.89 million. Those amounts were paid by the Office of Programme Planning, Budget and Accounts before the amendments were finally approved in April 1999.

219. **The Board recommends that:**

(a) The Office of Legal Affairs not request payments to outside counsel before contracts and amendments are properly concluded;

(b) The Office of Programme Planning, Budget and Accounts ensure that payments to outside counsel be made only on the basis of valid contracts that have been signed by all parties.

220. The Office of Legal Affairs informed the Board that in some cases, although it had made timely requests to the relevant Secretariat office for contracts or amendments to be processed and concluded, the Office had not been aware at the time it had provided substantive certification of invoices that the contracts or amendments had not been processed.

Segregation of functions

221. The Board noted that in the Office of Legal Affairs there was a lack of segregation of functions regarding engaging outside legal counsel, approving services rendered and initiating requests for payment. In particular, one legal officer was responsible for:

(a) Selecting candidates from the roster of potential outside counsel;

(b) Reviewing and evaluating proposals received from interested lawyers or law firms;

(c) Recommending the appointment of the outside counsel;

(d) Recommending fees based on proposals by the law firms;

(e) Proposing contracts as head of the substantive office;

(f) Certifying invoices for services rendered and requesting payment accordingly.

222. Notwithstanding the additional checks and controls applied by the Procurement Division, the Headquarters Committee on Contracts and the Assistant Secretary-General for Central Support Services, the Board was concerned that the functions in the Office of Legal Affairs of selecting outside counsel, recommending appointment, proposing contracts and requesting payment for services rendered were all vested in one person.

223. **The Board recommends that the Office of Legal Affairs establish clear segregation of functions to ensure the operation of sound internal checks in selecting outside counsel, recommending appointment, proposing contracts and requesting payment for services rendered by outside counsel.**

224. The Office of Legal Affairs informed the Board that in conjunction with the Procurement Division, it was implementing additional measures to achieve a greater segregation of functions with regard to the selection of and contracting with outside counsel, as well as the selection of arbitrators.

(c) Requirement for full budgetary disclosure of fees, awards and settlements

225. There is no regular system of reporting in a consolidated manner on arbitration cases that have been settled or that are pending. The Board considers that, given the nature and financial implications of those cases, comprehensive data on them should routinely be made available to the Advisory Committee on Administrative and Budgetary Questions during its review of resource requirements. The Office of Legal Affairs informed the Board that it provides, upon request, information on the status of arbitration cases to the Advisory Committee and to offices of the United Nations.

226. The Board recognizes that such disclosure would need to be effected in a way that respects the confidentiality requirement of the UNCITRAL arbitration rules. In an annex to his report on procurement reform (A/52/534, annex XII), the Secretary-General provided information on arbitration cases in which the United Nations is or has been involved since 1995. This information included the name of claimants, nature of the claim and the amounts claimed.

227. **The Board recommends that the Office of Legal Affairs provide to the Advisory Committee on Administrative and Budgetary Questions, during its review of resource requirements, a consolidated summary setting out information on arbitration and other claims cases, such as the nature of the case and the amounts claimed.**

4. Charge-back arrangement for conference services at the United Nations Office at Nairobi

228. As requested by the Advisory Committee on Administrative and Budgetary Questions in its first report on the proposed programme budget for the biennium

2000-2001,[4] the Board of Auditors examined the efficiency of the charge-back arrangements for conference services at the United Nations Office at Nairobi (para. VIII.118).

229. The charge-back mechanism is used at the United Nations Office at Nairobi for conference services for which users pay related costs for a unit of service (e.g., a page of a translated or printed document) or for staff time related to servicing a specific meeting. The Office invoices the costs of conference services for each meeting on the basis of actual utilization at predetermined rates.

230. To facilitate the recovery of costs incurred in rendering conference services, the United Nations Office at Nairobi issued a memorandum in November 1999 providing for staggered invoicing and payments as follows: 25 per cent of the amount was due one month prior to the start of the meeting, 65 per cent was due upon conclusion, and the balance (10 per cent) was due before the fifteenth day of the following month. The first 90 per cent of the amount is based on estimates, whereas the balance is based on actual cost determined after the meeting. The Administration informed the Board that these new procedures had been fully implemented.

231. Since prior to the introduction of the new procedures the full costs were invoiced only after the meeting, there was a failure to recognize income on a timely basis. Consequently, there was a shortfall of income over expenditure amounting to $142,729 for the biennium 1998-1999.

232. The Board trusts that the new procedures will improve the financial position of conference services at the United Nations Office at Nairobi as presented in the financial statements.

233. In one case involving a conference held by the United Nations Centre for Human Settlements (Habitat) in May 1999, the United Nations Office at Nairobi invoiced the Centre only in December 1999, some seven months after the conference. As the invoiced amount of $1,554,881 exceeded the allotment of $1,073,900, the Office revised the invoiced amount to $1,338,593. In April 2000 the Centre paid an amount of $967,380 and proposed paying the balance of $371,213 upon receipt of additional resources for the biennium 2000-2001.

234. **The Board recommends that the United Nations Office at Nairobi:**

(a) Take action to implement the policy on staggered invoicing whereby 90 per cent of the amount due is invoiced before the conclusion of the meeting and only the balance of 10 per cent is invoiced after the meeting;

(b) Review its basis for invoicing actual costs and bill the client immediately after the conference.

5. Review of internal audit

235. Under the terms of General Assembly resolutions 48/218 B of 29 July 1994 and 54/244 of 23 December 1999, internal audit services in the United Nations are provided by the Office of Internal Oversight Services.

236. The Audit and Management Consulting Division of the Office of Internal Oversight Services is headed by a Director who reports directly to the Under-Secretary-General for Internal Oversight Services. The Division provides internal

audit services to the United Nations at Headquarters, offices away from Headquarters and peacekeeping missions. Under General Assembly resolution 48/218 B, the Office is mandated to examine, review and appraise the use of financial resources of the United Nations, ascertain compliance of programme managers with regulations and rules, undertake management audits, reviews and surveys and monitor the effectiveness of the internal control systems.

Resources

237. Revised appropriations for the Audit and Management Consulting Division for the biennium 1998-1999 amounted to $8.236 million. This was supplemented by extrabudgetary resources of $10.019 million. During the biennium, the Division's total authorized staff strength was 40 established posts and 34 temporary posts funded from extrabudgetary resources — a total of 74 posts comprising 54 Professional posts, 19 General Service posts and 1 Local Level post.

Scope of review

238. The Board's review focused on planning, training, audit evidence, documentation of internal control systems, reporting and follow-up of previous audit recommendations. The Board's findings and recommendations are shown below.

Audit planning

239. The Audit and Management Consulting Division had developed a medium-term audit plan for the period from 2000 to 2005. This plan provides an overall strategy and guidelines for allocating resources in the most effective manner, taking into account risk and other parameters. This is supplemented by an annual audit plan that establishes a schedule of specific assignments that will be undertaken during the year in fulfilling the strategies established in the medium-term plan.

240. The Board was pleased to note that the Division had established a sound and effective system of resource planning, taking account of risks and other parameters to guide its audit work.

Training

241. The internal audit standards on personnel management and development require that a programme be established to provide training and continuing educational opportunities for each internal auditor.

242. The Board was pleased that the Division had designed core training competencies, which were used as the basis of a training survey conducted in the last quarter of 1998. Eleven (44 per cent) of the 25 priority core training competencies were incorporated into the 1999 training plan. The Board noted that actual training carried out as at 30 September 1999 had covered 46 per cent of the 1999 training plan and 52 per cent of the 25 consolidated training survey needs. The Office of Internal Oversight Services informed the Board that it planned to meet its training needs over a period of several years to determine the training priorities and requirements in an ongoing assessment of the staff's strengths and weaknesses and was in the process of identifying appropriate software to be used in recording and tracking the Office's training activities.

243. The Board notes the progress made by the Audit and Management Consulting Division in taking action to develop and train staff.

Audit evidence

244. The Division's audit manual sets out its policies and procedures governing the preparation, organization and maintenance of working paper files. The Board examined the working paper files of a number of audit assignments undertaken in 1998 and noted that most of the working papers were not properly organized (indexed or cross-referenced), while some were kept loosely and were exposed to possible loss. In addition, it was sometimes difficult to trace the basis of the conclusions contained in the audit reports.

245. The Board understands that the Division is examining the possibility of automating working paper preparation in order to improve documentation of audit conclusions. **In the interim, the Board recommends that the Audit and Management Consulting Division of the Office of Internal Oversight Services ensure that working papers have been completed and reviewed in accordance with applicable standards, including indexing and cross-referencing, to enable supervisors to assess staff performance.**

246. The Division informed the Board that with the implementation of the new report clearance check sheet in late 1999, supervising section chiefs are required to certify that working papers have been completed and reviewed in accordance with the applicable standards, including indexing and cross-referencing. The Division further informed the Board that since the completion of the Board's audit it had established a formal information technology task force to review the information technology requirements of the Office of Internal Oversight Services on an office-wide basis and to formulate a plan for implementing appropriate solutions. The work of the task force had already commenced and would, among other things, address the Division's requirements for automating working paper preparation.

Documentation of internal control systems

247. The Division's audit manual requires that auditors understand the client's internal control system, assess the internal control environment and identify the control weaknesses and risks prior to the preparation of the audit programme.

248. The Board noted that the Division had not documented its evaluation of the United Nations internal control system. Although the results of the evaluation were included in the risk analysis section of the audit programme, an explanation of how the results were arrived at was not provided in the working papers. The Division informed the Board that it had implemented standard audit programmes to ensure that major internal control areas would be addressed in field audits.

249. **The Board recommends that the Audit and Management Consulting Division ensure that the process of internal control evaluation is documented in accordance with the provisions of the Audit Manual.**

250. The Division agreed with the recommendation and indicated that the requirement had already been reinforced in the revised audit management process.

Audit reports

251. The Division's procedures require that audit reports be issued to the Administration within two months after the completion of field work.

252. The Board noted that out of 57 assignments completed by 31 July 1999, 21 reports had not been issued as at the end of September 1999 and a further 27 reports had been issued after the two-month deadline, ranging from 1 to 14 months late, or an average of 4 months.

253. Since audit reports lose their value as time lapses after the completion of the audit, **the Board recommends that Audit and Management Consulting Division improve the timeliness of issuing audit reports.**

254. The Division generally accepted the recommendation, but stated that the deadlines were intended to apply to routine audit reports to the Administration, not complex management and horizontal audit reports or reports to the General Assembly. The deadlines for the latter are usually longer that two months owing to the additional coordination, review, editing and clearances that must be completed.

255. The Division further informed the Board that since January 1999 it had made a concerted effort to improve the quality of final audit communications; this in many instances had required substantial reworking of the draft reports, which affected the timeliness of issuance of the reports.

6. Property management at the United Nations Office at Geneva

256. The United Nations Office at Geneva occupies buildings with a replacement value estimated in 1999 of $760 million. The property consists of the main headquarters building at the Palais des Nations in addition to associated satellite buildings on the same site or nearby. All buildings are owned by the United Nations, apart from the Palais Wilson, which the United Nations rents from the Swiss authorities. The buildings can hold between 2,600 and 6,100 staff, depending on whether a conference is being hosted. Expenditure on those facilities in 1998-1999 was estimated at some $76 million.

Objectives of property management

257. Responsibility for the management of the United Nations accommodation in Geneva rests with the Division of Administration of the United Nations Office at Geneva. Its objective is the effective and efficient management of the facilities, including maintenance and operation services and planning and design services. Responsibility for day-to-day management has been delegated to the General Services Section of the Division of Administration. Some accommodation-related services, such as day-to-day repairs, messengers and gardening, are provided by in-house staff. Services such as specialized maintenance and building work and cleaning are contracted out. The policy on outsourcing is contained in a report of the Secretary-General on outsourcing practices (A/53/818).

258. The General Services Section employed 251 people at the start of the biennium 1998-1999 to provide services to the occupants of the United Nations accommodation in Geneva. This number represented almost 11 per cent of the staff permanently housed in those buildings. However, it was a reduction from the 285 General Services staff employed at the start of the biennium 1996-1997. General

Services achieved this reduction through the consolidation of organizational units within the section and the streamlining of procedures.

Accommodation and maintenance planning

259. Forward planning of the General Services Section was limited to the preparation of the expenditure budget for the next biennium, including the identification of the maintenance and improvement work to be carried out during that period. In previous years a lack of sufficient funding and the postponement of planned work to meet unforeseen problems had resulted in the build-up of a large backlog of outstanding work. The problem was highlighted by the unexpected collapse in August 1998 of suspended ceilings in the Spence Hall of the Palais des Nations. The Board therefore examined in more detail how General Services identified and planned for work to be done.

260. Once the General Services Section has identified the work that it considers necessary, the staff use their judgement to identify the high-priority work that they can afford to carry out. General Services prepares a roughly costed maintenance and construction programme for the six years following the current biennium. However they do not analyse the work they have identified into such categories as "essential — health and safety", "essential — operational requirements" or "desirable — operational requirements".

261. Because of the lack of a proper survey, the General Services Section was unable to quantify the exact extent of the backlog of maintenance and improvements needed. However, in July 1998, it estimated that the value of projects postponed from previous years but not included in the 1998-1999 programme of work because of lack of funds exceeded $10 million.

262. The United Nations Office at Geneva informed the Board that its approach to building maintenance was to identify what work can be carried out within the expected level of funding rather than to identify all that needs doing and then requesting an appropriate budget. Although it had considered hiring consultants, at an estimated cost of 168,000 Swiss francs, to conduct a proper survey of the United Nations property and to prepare a programme of maintenance work over the next three bienniums, that proposal was not pursued owing to budgetary constraints. The United Nations Office at Geneva informed the Board, however, that during biennium 2000-2001, the General Services Section would redeploy resources to finance a condition survey of essential structures and systems.

263. **The Board recommends that the United Nations Office at Geneva draw up a strategy for the management of the United Nations accommodation in Geneva, which should include formal objectives that are specific and measurable.**

Measurement of property management performance

264. A range of key property performance indicators are widely used by the property management industry in evaluating the effectiveness of accommodation services (see table below). At present, the General Services Section does not use such indicators to measure its performance. Consequently, it was unable to measure its own performance from year to year objectively or to compare it with that of other organizations.

Key property performance indicators

Issue	*Indicators*
Space utilization	Space per staff member or function
	Vacant office space as a percentage of total office space
Occupancy costs	Cost per square metre (total and broken down into constituent elements)
	Cost per staff member (total and broken down into constituent elements)
	Energy consumption per square metre
	Target savings in cost and consumption
	Staff moves as a percentage of total staff accommodated
Quality of accommodation	Compliance with operational standards (for example, minor repairs performed within a day of their being reported)
	Compliance with legal requirements, e.g., fire escape routes
	Staff satisfaction with accommodation and the related services
Management efficiency	Accommodation staff costs per square metre and per staff member
	Ratio of accommodation staff costs to accommodation costs

265. The United Nations Office at Geneva informed the Board that the development of parameters for measuring building efficiency in the United Nations system was being pursued in collaboration with facility managers at United Nations Headquarters and other main duty stations. Benchmarking of energy efficiency among Geneva-based organizations and cantonal authorities under the auspices of the Fondation des immeubles pour les organisations internationales had started.

266. In October 1998 the Division of Administration surveyed those occupying the Geneva accommodation to identify their satisfaction with the services the Division provided. As part of the survey, it sought views on the quality of the building and cleaning services. General Services then used the results to identify areas of poor performance and has followed up with a second customer survey undertaken in spring of 2000. Such measurement of the quality of service will become increasingly important, as the United Nations Office at Geneva is in the process of drawing up service-level agreements with the organizations occupying the accommodation. The Office intends to include in the agreements key performance indicators for the services rendered and parameters for their measurement.

267. The Board welcomes these developments and looks forward to the introduction of a full range of performance indicators as well as the operation of benchmarking comparators.

7. Programme management

Monitoring of programme implementation

268. According to the instructions for the preparation of departmental submissions to the programme performance report for the biennium 1998-1999, outputs could be classified as terminated if they could not be delivered to the intended users during the biennium 1998-1999 and if they were not postponed to the next biennium. The reasons for terminating an output should be reflected either in the programme performance reporting facility, the Integrated Meeting and Documentation Information System (IMDIS) or in a standard form showing the terminated outputs and relevant explanation.

269. Outputs are terminated either by a legislative decision or at the discretion of programme managers under circumstances where it is evident that a certain output duplicates another intended for the same users; where the specific subject matter was rendered obsolete or irrelevant; or where resources were not made available on time during the biennium and it was not deemed appropriate to postpone the output to the next biennium because it would lose its relevance and effectiveness. In each of these cases, adequate explanations should be provided. The legislative authority that took the decision should be specified, along with the exact citation of the output, an identifier and the number of work-months utilized.

270. The Board reviewed the programme performance report for the biennium 1998-1999 on the delivery of outputs and activities of the Department of Political Affairs, the Office for the Coordination of Humanitarian Affairs and the Department of Public Information. The Board noted that 56 activities (49 of the Department of Public Information and 7 of the Department of Political Affairs) programmed for implementation had been terminated or reformulated without an adequate explanation. The Board was pleased to note that the Office for the Coordination of Humanitarian Affairs had corrected a number of deficiencies in its programme performance report that had been revealed in the audit. In two subprogrammes each, the Department of Public Information and the Department of Political Affairs indicated neither the number of work-months utilized in the implementation of programmes, whether from staff or from consultants, nor the data intended to enhance the qualitative analysis of programme implementation, such as the assessment criteria, benefits realized, external review and evaluation, lessons learned, initiatives to elicit feedback from clientele and the impact of such feedback.

271. **The Board recommends that the Department of Political Affairs and the Department of Public Information comply with established procedures in the preparation of programme performance reports.**

Integrated Monitoring and Documentation Information System

272. In its report on the biennium 1994-1995,[1] the Board noted that in the Statistics Division of the former Department of Economic and Social Information and Policy Analysis there was little evidence of detailed planning and monitoring of programme outputs and recommended that planning and monitoring tools be developed (para. 35). The Board was pleased that the Department of Economic and Social Affairs had developed a system of planning and monitoring — the Integrated Monitoring and Documentation Information System — as a means of providing a

record of all programme activities and measuring its performance against its planned outputs.

273. The Board found that IMDIS was widely used across the Department, contained a generally complete set of information and provided the Department with enhanced management information. It allowed managers to update performance against planned outputs continuously and provided them with information to identify problems quickly. The Board examined the information that the Department had entered into IMDIS to assess whether it was accurate, up-to-date and timely.

274. At the highest level of summary, IMDIS reported output by activity and by status of implementation. Throughout 1999 the total outputs recorded by activity differed from those recorded by status of implementation by at least 130 outputs. The discrepancy arose because staff used two sources of information for the data which they entered into IMDIS. While the Department's Information Support Unit used the regular budget as the basis for entering activities, the Department's programme managers entered details of their progress against all jobs, including those that were not part of the regular budget. The Department installed IMDIS version 1.4 in December 1999, which automatically validated all outputs against the budget totals. It informed the Board that it had since fully reconciled the count of categories with outputs.

275. Although the primary function of IMDIS was to monitor the achievement of programme objectives, it also recorded the number of work-months spent by Department staff on each activity. During the introduction phase, in 1998-1999, the divisions of the Department generally input the information after completing the programmes. The Board considers that the effectiveness of IMDIS as a monitoring tool would be enhanced if the planned work-months were input when the programmes were initially agreed upon in order to properly compare actual performance against the planned work schedule.

276. **The Board recommends that the Administration issue instructions to all departments to input planned work-months into the IMDIS to enable management to monitor performance against planned work schedules.**

8. Health insurance programmes

277. At Headquarters, the Insurance Section of the Office of Programme Planning, Budget and Accounts administers the group health insurance programme and makes arrangements for its operation in certain other duty stations. The Office has entered into administrative and financial service agreements with insurance companies under which medical and dental claims from current and former staff members are paid by the insurers, subject to reimbursement by the United Nations. Total claims and related costs of health insurance for the biennium 1998-1999 amounted to $148.2 million.

278. In its report for the biennium 1994-1995,[1] the Board expressed concern that there was no system of ensuring that the claims submitted by the companies were correct in all respects (para. 10 (m)). The Board therefore recommended that a system of periodic claims audit at the office of the insurance companies be established so that the Administration would have some reassurance that the claims were correct and representative of the actual charges made for medical care. The Administration agreed with the recommendation.

279. In its present review the Board noted, however, that the periodic claims audit envisioned in its report for the biennium 1994-1995 had not been carried out. While the Board noted that a mechanism for claims audit had already been stipulated in the administrative and financial service agreements with the insurance carriers, the Administration had not carried out any such claims audit since the inception of the health insurance scheme.

280. The Board is concerned that some four years after it had agreed to do so, the Office of Programme Planning, Budget and Accounts had not established a system to ensure that claims submitted by the insurance companies were valid and accurate. This practice continued to make the Organization dependent upon the claims-processing and fraud-detection procedures of the insurance carriers.

281. **The Board reiterates the recommendation made in its report for the biennium 1994-1995 that the Administration establish a system of periodic claims audit at the offices of the insurance companies so that it would have some reassurance that the claims were correct and representative of the actual charges made for medical care.**

282. The Administration informed the Board that the complexity of the claims-processing systems was such that the envisioned claims audit could be undertaken only by outside consulting/auditing firms with specific expertise in this area. However, the Administration assured the Board that the task of defining the scope of work in terms of reference of such a claims audit was under way in preparation for the issuance of a request for proposals to qualified consulting/auditing firms. The Administration expected that the issuance of a request for proposals to the market for consulting services would be executed towards the end of 2000.

9. Other issues

Rental subsidy at the Economic and Social Commission for Asia and the Pacific

283. At ESCAP no norms regarding maximum rental level or accommodation had been fixed for regulating the claims for rental subsidy. In accordance with the International Civil Service Commission guidelines for rental subsidy, accommodation should be of a reasonable standard in relation to the criteria established by the Administration. If the dwelling is larger or of better quality than the norm for the duty stations, the subsidy is to be calculated using the norm.

284. The Board noted that in respect of 15 (out of a total of 25) cases of rental subsidy, actual annual rent varied considerably, from 480,000 baht ($12,416) to 960,000 baht ($24,832). Rent for furniture and fixtures, which varied from 83 per cent to 150 per cent of the rent for accommodation, were noted in six cases where a breakdown of both elements was given. The rental agreements submitted by the staff members did not normally contain details of the area occupied, the number of rooms and a description of furniture and fixtures to enable the certifying officer to assess the reasonableness of the dwelling rented by staff members.

285. **The Board recommends that ESCAP establish norms for rental accommodation as envisaged in the scheme of rental subsidy. The Board also recommends that certifying officers ensure that all claims for rental subsidy are supported by full and complete documentation in order to determine the reasonableness of the claims.**

286. ESCAP informed the Board that it had brought the issues to the attention of the Working Group on rental subsidies in ESCAP, which has yet to finalize its recommendation on this issue. ESCAP further informed the Board that in the meantime certifying officers had been requested to ensure that all claims for rental subsidy were supported by full and complete documentation in order to determine the reasonableness of the claims. The Board encourages ESCAP to expedite action on this important matter.

Rental contracts

287. ESCAP had entered into a lease agreement with two firms for lease of its premises as follows: the first agreement was executed between ESCAP and a bank for the period from 1 January 1998 to 31 December 1999 whereby the bank would pay an annual rent of $126,960. The rent was due and payable in four instalments starting 1 January 1998 and every six months thereafter. In the second agreement, the firm leased 2,141 square metres of ESCAP premises to provide catering services at an initial annual rent of $19,269 starting in November 1998. The amount is payable quarterly within 15 days after the end of the quarter.

288. The Board noted that neither lessee made rental payments to ESCAP in a timely manner. In the first case the delays ranged from 13 to 154 days after the due date and in the second case delays ranged from 18 to 52 days. The total delayed payments amounted to 5,693,673 baht ($147,266).

289. **The Board recommends that ESCAP request the lessees to adhere to their obligation to pay rent promptly to ESCAP in accordance with the lease agreement and that ESCAP should in future consider including a penalty clause in the lease agreement/contract for delays or for non-payment of rent.**

290. ESCAP informed the Board that it had instituted a monitoring system to ensure that there would be no delay in following up on outstanding rent receivables and that it would consider inclusion of penalty claims in the lease agreement/contract for delay or for non-payment of rent when a new lease was negotiated.

Recruitment at the United Nations Office at Geneva

291. In its report on the 1996-1997 financial statements,[2] the Board recommended that the United Nations Office at Geneva record actions taken in the recruitment or appointment of staff so that delays could be identified, causes analysed and appropriate remedial actions taken (para. 144). In response to the recommendation, the Personnel Service at the United Nations Office at Geneva established records of the time taken for each phase of recruitment, from post classification to the approval of the appointee by the Office of Human Resources Management. The Board found that this analysis provided more detailed information of the causes for recruitment delay than that which was previously available to management.

292. The Service, renamed the Human Resources Management Service, appointed 65 Professional staff in 1999. From post classification to candidate approval for those staff, an average of 34 weeks elapsed (compared with 36 weeks in 1998 for the recruitment of 61 Professional staff). Of the 65 appointments at the Professional level, the recruitment of 54 (83 per cent) was outside the six-month target suggested by the Department of Administration and Management in July 1995. For the 144 General Service personnel recruited during 1999, the time taken from notification of

the vacancy to the approval by the Director-General averaged 13.5 weeks (compared with 20 weeks in 1998 for 107 General Service staff).

293. For the recruitment of Professional staff, the Human Resources Management Service reviews applications to ensure that they meet the job description requirements. It then notifies the department in which the vacancy exists of the suitable applicants to obtain departmental recommendations for selection. The Appointment and Promotion Committee selects the successful candidate from the suitable applications, taking into consideration the department's recommendation. The table below shows the average number of days taken at each phase of the recruitment of Professional staff. Notably, of the 34-week (236-day) average recruitment period, the departmental review accounted for 16 weeks.

Average time taken to recruit Professional staff in 1999

	Days	*Percentage*
Post classification	7	3
Circulation of vacancy	32	14
Prescreening	23	10
Departmental review	113	48
Appointment and Promotion Committee review	27	11
Office of Human Resources Management review	34	14
Total	**236**	**100**

294. The Service circulated notices to departments six months in advance of known vacancies arising through retirement to encourage them to advertise posts or review staff structures in advance of the vacancy. At the time of its audit in January 2000, the Board noted that, of the 17 notices sent to departments six months prior to the retirement of an incumbent, in 5 cases, the departments concerned were taking action to advertise the post or refine the job description. In the other 12 cases, however, departments had not responded to the notification.

295. **The Board recommends that the Human Resources Management Service encourage departments to facilitate staff continuity and recruitment by promptly notifying it of their recruitment plans.**

296. The Board noted that the organization had revised the personnel procedure to reduce delays in the recruitment of staff. The Board looks forward to further progress in this area.

Revenue producing activities

Contracts and memoranda or letters of agreement with consignment agencies (United Nations Postal Administration)

297. The Board noted that 68 firms had been appointed as consignment agencies for the United Nations Postal Administration. Twenty-two agencies were considered to be active, however UNPA had concluded memoranda of agreement or contracts with only 15 agencies.

298. **The Board recommends that UNPA ensure that memoranda of agreement or contracts are concluded with all consignment agencies to protect the interests of the Organization.**

299. The Administration informed the Board that it would take action to review the list of consignment agencies and to remove those that are no longer active and, where necessary, formalize the arrangements with those that continue to be active.

Contract execution (newsstand)

300. The United Nations entered into a contract with a firm in March 1989 for the management and operation of the newsstand facilities and tobacco product vending machines. The contract provided that before 31 March 1989 an opening inventory should be taken jointly by the United Nations and the contractor of the stock of the United Nations newsstand facilities and that such stock should be valued at cost to constitute the opening inventory. The inventory should be signed by both parties. Furthermore, upon the termination or expiration of the contract, a joint closing inventory of the stock should be taken, valued at cost and signed by both parties. Should the value of the closing inventory of the United Nations newsstand facilities exceed the value of the opening inventory, the Organization should pay the contractor for the value of the excess. Conversely, should the value of the closing inventory of the United Nations newsstand facilities be less than the value of the opening inventory, the contractor should pay the Organization for the value of the shortfall.

301. The Board found that no joint United Nations-contractor opening/closing inventory of the stocks of the United Nations newsstand facilities at Headquarters was conducted in 1989 or thereafter, contrary to the provisions of the contract entered into by and between the United Nations and the Eastern Lobby Shops. Without such inventory, there would be no basis for determining the excess or the shortfall in the value of the inventory, as provided for in the agreement, to be paid either by the United Nations or by the contractor as the case may be.

302. **The Board recommends that the Administration conduct jointly with the contractor an inventory of the stock of the United Nations newsstand at the earliest opportunity.**

303. The Administration informed the Board that it would follow up on this matter and carry out an outgoing inventory upon the expiration of the current contract on 31 July 2000.

10. Cases of fraud and presumptive fraud

304. The Administration provided the Board with information on four cases of fraud and presumptive fraud involving a total sum of $568,752 that had come to its notice during the biennium 1998-1999.

305. Three cases pertained to the United Nations Office at Nairobi and one to United Nations Headquarters. In two cases there were no losses to the Organization. The details of the cases, involving amounts ranging from $4,079 to $542,712, are set out below.

Unauthorized telephone charges

306. This case involved an amount of $542,712 in respect of fraudulent calls made or facilitated by a former switchboard operator and charged to the Organization. The extent of financial loss to the Organization could not be determined because data pertaining to individual calls made through the United Nations network and a local telephone company had been deleted for the periods from 1 July to 9 October 1997 and from 1 August to 9 October 1997 respectively. As a result of the deletion of the data, calls totalling $542,712 (of which an unknown amount pertains to fraudulent and personal calls) could not be assigned to the various agencies occupying the United Nations complex at Nairobi. The unauthorized calls were made possible by the failure to change passwords since 1996, the absence of a system to protect the telecommunications system and the absence of effective monitoring. The Administration informed the Board that no amounts had been recovered, however the contract of the switchboard operator was not extended beyond 31 December 1997, the performance of the relevant staff is continuously monitored, and efforts to improve management and monitoring of the relevant unit are being undertaken.

307. The Board expresses serious concern that internal checks were inadequate to prevent the unauthorized use of telephones or to identify private and official calls, with the result that the regular budget had to bear a substantial amount that pertained either to fraudulent, personal or unidentified official calls.

Fraudulent medical claims

308. A staff member at United Nations Headquarters submitted fraudulent prescription claims to a health insurance provider, which resulted in the wrongful payment of settlements amounting to $4,079. In October 1999 the health insurance provider reported the case to United Nations Headquarters. The Organization suffered no financial loss, although in the longer term such fraudulent payments could result in increased health insurance premiums.

309. The Office of Internal Oversight Services had cleared the staff member concerned of suspicion, but had concluded that the staff member's former spouse had colluded with a medical doctor to perpetrate the fraud. The Organization had not taken action against these individuals, although the doctor's medical licence to practise in New York State has been revoked.

Payment arising from fraudulent payment instructions

310. The Board was informed that on the basis of a forged financial cable dated 10 November 1999, UNDP Kampala paid an amount of $9,849 to an unknown consultant on behalf of the United Nations Centre for Human Settlements (Habitat). The investigation was ongoing, and management has not been able to identify whether the fraud took place in the Centre, the United Nations Office at Nairobi or UNDP.

Altered bank cheques

311. On 15 June 1998, while examining the statement of one bank and the accompanying returned cheques, a cashier at the United Nations Office at Nairobi noticed that on one of the cheques (for $5,701) the format of the payee's name deviated from the standard format and had been altered. Inquiries revealed that the

payee had sent that cheque and two others via ordinary mail to the payee's bank in the United Kingdom. The payee's bank confirmed that it had never received the letter including the cheques. The United Nations Office at Nairobi faxed a stop-payment instruction to the bank. One cheque, in the amount of $6,410, had already been altered and presented for payment, but the other one was successfully stopped. The bank refunded an amount of $6,400 (net) to the agency in respect of one cheque, and the United Nations Treasury is pressing for the recovery of an amount of $5,701 with a bank in California where the cheque was presented. The Administration informed the Board that the individuals involved in the case had not been identified.

D. Acknowledgement

312. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended by the Secretary-General of the United Nations, the Directors-General of the United Nations Offices at Geneva, Nairobi and Vienna, the Secretary-General of the United Nations Conference on Trade and Development, the executive secretaries of the regional commissions, the registrars of the International Court of Justice and their officers and members of their staff.

(*Signed*) Sir John **Bourn**
Comptroller and Auditor General
of the United Kingdom of Great Britain
and Northern Ireland

Osei Tutu **Prempeh***
Auditor-General of Ghana

(*Signed*) Celso D. **Gangan**
Chairman, Philippine Commission on Audit

28 July 2000

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* The term of office of the Auditor-General of Ghana expired on 30 June 2000 prior to the signing of the present report. The Auditor-General, however, has expressed agreement with the contents of the report. In addition, the relevant audit programme had been approved by the Board, and all special instructions given by the Board were carried out.

Annex

Follow-up on action taken to implement the recommendations of the Board of Auditors in its report for the biennium ended 31 December 1997[a]

Recommendation 11 (a)

1. The Administration should improve monitoring to ensure that final expenditures by each section and responsibility centre are as close as possible to the allotments issued for the biennium.

Measures taken by the Administration

2. The Administration informed the Board that it continued to monitor expenditures closely to ensure compliance with the authorized allotments. The recent implementation in Headquarters of Release 3 of the Integrated Management Information System had enabled the Administration to produce budget performance reports in real time and to take prompt corrective action. The Administration assured the Board that Release 3 would be implemented progressively in offices away from Headquarters, under the responsibility of the Controller and the Assistant Secretary-General for Central Support Services.

3. The Administration informed the Board that in late 1998 offices were requested to report on the level of actual and projected expenditures, by object group, for the first year of the biennium. This exercise provided an opportunity to anticipate adjustments to the allotments and thereby take appropriate action. Under the responsibility of the Controller, this process is being refined and is expected to form part of the standard procedures for the monitoring of expenditures. The Assistant Secretary-General for Programme Planning, Budget and Accounts is responsible for implementation of this recommendation.

Comments of the Board

4. The Board notes the action taken by the Administration and will continue to monitor this issue.

Recommendation 11 (b)

5. The Administration should integrate all accounting systems with IMIS as a matter of priority.

Measures taken by the Administration

6. The integration of accounting systems with IMIS continues with the progressive implementation of IMIS at offices away from Headquarters and is expected to be completed by April 2001. A number of technical staff from those offices were trained in Release 3 issues, and staff from Headquarters had performed on-site reviews at a number of offices away from Headquarters. The integration of

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[a] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 5* and corrigendum (A/53/5 and Corr.1), vol. I, chap. II.

accounting systems with IMIS would be effected with the implementation of Release 3 at the various offices. Most peacekeeping missions are already using the new IMIS account codes, and all United Nations offices will be consistently using the IMIS account codes as from 1 July 2000. The Assistant Secretaries-General for Central Support Services and Programme Planning, Budget and Accounts are responsible for implementation of this recommendation.

Comments of the Board

7. The comments of the Board are included in the present report.

Recommendation 11 (c)

8. The Administration should modify Release 3 of IMIS, provide detailed information about debtor/creditor identity in respect of each item of accounts receivable and accounts payable and enable the Organization to actively pursue recovery, especially in long-outstanding accounts.

Measures taken by the Administration

9. The Administration informed the Board of the following actions: (a) new general ledger codes were added to after-service health insurance in July 1998, and substantial changes were made to the after-service health insurance interface computer program; (b) the offset reports were used for the closing of accounts at 31 December 1999; (c) receivable ageing reports and outstanding contribution ageing reports are being finalized in 2000. The Assistant Secretaries-General for Central Support Services and Programme Planning, Budget and Accounts are responsible for implementation of this recommendation.

Comments of the Board

10. The comments of the Board are included in the present report.

Recommendation 11 (d)

11. The Administration should plan its major maintenance work sufficiently in advance to avoid the necessity of introducing exigency contracts and to give adequate time for the approval process, to obtain competitive bids and to have sufficient time to vet the background of the contractors and vendors.

Measures taken by the Administration

12. In April 1999 the Procurement Division started to solicit annual procurement plans from the offices and departments of the Secretariat and offices away from Headquarters in order to undertake timely annual procurement planning. The Assistant Secretary-General for Central Support Services is responsible for the implementation of the Board's recommendation.

Comments of the Board

13. The Board will monitor this issue in future audits.

Recommendation 11 (e)

14. The Administration should ensure that prospective bidders have sufficient time to respond.

Measures taken by the Administration

15. In an effort to provide potential suppliers with adequate lead time while fully acknowledging the need to respond rapidly to requirements, particularly in the area of peacekeeping missions, the Procurement Manual has been made available on the United Nations home page on the Internet. In some cases, however, the Procurement Division is called upon to make exceptions to the standard lead times, especially in relation to peacekeeping missions, where operational needs are subject to rapid and unforeseen changes. The Administration also informed the Board that the Procurement Division endeavours to ensure that vendors have sufficient time to submit their bids and proposals; however, the actual time-frame for the completion of purchases depends on adherence to the requisitioning guidelines provided in the Procurement Manual.

Comments of the Board

16. The Board will monitor this issue in future audits.

Recommendation 11 (f)

17. The Administration should include guidelines for open tendering in the Procurement Manual and specify in the Manual the frequency at which the Supplier Review Committee should review the evaluation of potential suppliers.

Measures taken by the Administration

18. The Procurement Division has been utilizing its Internet home page to post the requests for expression of interest. It also provides potential suppliers with information on recent tenders and contract awards to familiarize potential suppliers with the procurement activities of the Division and encourages them to apply for registration with the Division. In addition, the Division has started inviting, on an experimental basis, all potential suppliers registered for a specific product or service to submit bids for such product or service. These measures have virtually superseded open tendering in printed media as a more effective means of reaching out to potential suppliers. Improved design and use of the Internet home page has enabled the Division to reach a wider business community. The Assistant Secretary-General for Central Support Services is responsible for implementation of this recommendation.

Comments of the Board

19. The Board will monitor this issue in future audits.

Recommendation 11 (g)

20. The Administration should finalize the special emergency rules and procedures on humanitarian assistance without further delay.

Measures taken by the Administration

21. The Administration informed the Board that pending the development of special emergency rules and procedures, consideration would be given to a more appropriate delegation of authority to accommodate the exigencies and special requirements of emergency programmes. Accordingly, additional financial management authority has been delegated to the Emergency Relief Coordinator. Since 14 December 1998, the Emergency Relief Coordinator has been empowered to issue extrabudgetary allotments, which should eliminate the possibility of the recurrence of the kinds of delays cited in the Board's previous report. The Administration considers that the Financial Regulations and Rules of the United Nations, currently being revised, remains the principal source of financial regulatory and procedural authority.

Comments of the Board

22. The comments of the Board are included in the present report.

Recommendation 11 (h)

23. The Administration should formulate and implement a strategy for a career development without further delay.

Measures taken by the Administration

24. The Administration informed the Board that the Organization had continued to invest in the development of staff and to promote a new culture of continuous learning. Staff development needs are met through a combination of centrally coordinated programmes, aimed at building core and managerial competencies and a shared organizational culture and values, and decentralized programmes to merit specific substantive and technical training needs. Staff development needs are assessed on an ongoing basis through an annual departmental planning process. Further, a competency model developed through a participatory process that included staff throughout the Secretariat, was finalized and communicated to all staff in mid-1999. The model, which contains three organizational core values, eight core competencies, and six managerial competencies, would assist in promoting core values and common standards across the Organization. Workshops are being conducted to promote greater understanding of the competencies and their applications.

Comments of the Board

25. The Board notes the action being taken by the Administration.

Recommendation 11 (i)

26. The Administration should undertake a review to see whether the elimination of 59 posts, as envisaged when the United Nations Office at Nairobi was established, had actually been achieved.

Measures taken by the Administration

27. The Administration informed the Board that the streamlining resulted in the reduction of 59 posts in its administrative infrastructure, in accordance with the staffing proposal contained in the corresponding budget document.

Comments of the Board

28. The recommendation has been implemented.

Recommendation 11 (j)

29. The Administration should consider establishing a system whereby users of common services would be required to pay for such services on a cost-apportioned basis.

Measures taken by the Administration

30. The Administration informed the Board that at present, common medical, legal, information technology and financial services are reimbursed by users. A task force has been convened in New York by the Office of Central Support Services to consider further common service arrangements. A system of cost-apportionment for common services has not been established to date. All common services activities developed since 1997 have been implemented through cooperative efforts between United Nations organizations without any financial cost. It is expected that the next phase of activities, which will involve further participation from the common service organizations, will result in specific financial resource commitments by the organizations concerned.

Comments of the Board

31. The Board will review the action in future audits.

Recommendation 11 (k)

32. The Administration should request the United Nations offices at Geneva and Vienna to adopt the set of key performance indicators proposed for conference services and to develop performance indicators to cover other services.

Measures taken by the Administration

33. According to the Administration, workload statistics for conference-servicing functions apply equally at Headquarters, the United Nations Office at Geneva and the United Nations Office at Vienna. Other performance indicators are being developed. Efforts have been made to improve communication and coordination between Headquarters and the offices at Geneva and Vienna, including increased

consultations throughout the year and formal discussions at the annual inter-agency meeting on language arrangements, documentation and publications.

Comments of the Board

34. The Board welcomes the progress made by the Administration in this area.

Recommendation 11 (l)

35. The Administration should establish the conference centres of the Economic Commission for Africa and the Economic and Social Commission for Asia and the Pacific as separate cost centres, with all costs associated with their operation apportioned to them for more accurate determination of their profitability.

Measures taken by the Administration

36. The Administration informed the Board that the budget submission for the biennium 2000-2001 included provisions to establish expenditure accounts for these conference centres. A separate cost centre for ECA had been established and had been used to record expenditure and income since 1 January 2000. Implementation is being effected for ESCAP. The Assistant Secretary-General for Programme Planning, Budget and Accounts is responsible for the implementation of the recommendation.

Comments of the Board

37. The Board notes the action taken by the Administration.

Recommendation 11 (m)

38. The Administration should monitor and accelerate the pace of preparedness for managing the year-2000 issue; completely test for compliance all systems, including those that are considered year-2000-compliant because of their recent development, with sufficient lead time to address any deficiencies to avoid any surprise at the turn of the century; formally test IMIS for year-2000 compliance; and formulate contingency plans for all systems.

Measures taken by the Administration

39. The Administration carried out a number of actions to ensure that the Organization would be prepared to manage the year-2000 issue, and the transition to the year 2000 was successful.

Comments of the Board

40. The Board was pleased to note the efforts by the Administration in responding to the year-2000 issue to ensure that all its business applications were fully compliant.

Recommendation in paragraph 23

41. The Board urged the Administration to consider further the Board's recommendation made in its report for the biennium 1994-1995[b] that the budget performance reports presented to the General Assembly be modified to reflect the actual expenditures and projections closer to the end of the biennium in the context of IMIS Release 3.

Measures taken by the Administration

42. The Administration informed the Board that the recommendation had been implemented by providing in the second performance report for the biennium 1998-1999 (A/54/631 and Corr.1) projections based on actual expenditure data for the first 20 months of the biennium. Actual expenditure recorded for the biennium 1998-1999 at the closing of accounts amounted to $2,487.8 million, compared with the amount of $2,488.3 million projected in the second performance report.

Comments of the Board

43. The Board will monitor this issue in future audits.

Recommendation in paragraph 48

44. (a) United Nations Headquarters should review the level of supporting information provided with inter-office vouchers to ensure that sufficient details are included to enable the transactions to be verified and properly recorded; (b) United Nations Headquarters and the United Nations Office at Geneva should monitor and reconcile the inter-office vouchers on a more regular basis so that by the end of a given financial period such transactions would be properly reflected in the accounts; (c) the financial statements should show the inter-office vouchers in gross terms, properly classified as transactions awaiting processing.

Measures taken by the Administration

45. The Administration informed the Board that action was being taken, including the widespread scanning of documents, to ensure that supporting documents were provided with inter-office vouchers to offices away from Headquarters on a monthly basis.

Comments of the Board

46. The Board recognizes the vigorous efforts of the Administration to reduce the backlog of inter-office vouchers pending processing. The comments of the Board are included in the present report.

Recommendation in paragraph 50

47. Cash flow forecasting statements should be prepared and effectively used as a tool for cash management at the United Nations Office at Nairobi.

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[b] Ibid., *Fifty-first Session, Supplement No. 5* (A/51/5), vol. I, chap. II.

Measures taken by the Administration

48. The Administration informed the Board that the United Nations Office at Nairobi had taken steps to fully utilize interest-bearing accounts and short-term investments to maximize interest generation. However, the Office believed that the development of cash-forecasting statements would not generate additional interest income nor yield other benefits. A major difficulty with cash forecasts was that voluntary contributions were difficult to predict and plan for with any degree of accuracy. Therefore, the development of formal cash flows was not being considered as it would not yield practical benefits and was not cost-beneficial.

Comments of the Board

49. The Board notes the comments of the Administration.

Recommendation in paragraph 57

50. The Administration should review the status of outstanding advances to executing agencies, particularly the old items, and obtain the relevant accounts. The Administration should also institute measures to ensure that executing agencies provide accounts on a regular basis.

Measures taken by the Administration

51. The Administration conducted a periodic review of outstanding advances and issued several reminders to executing agencies.

Comments of the Board

52. The Board will monitor this issue in future audits.

Recommendation in paragraph 63

53. ECA and the United Nations Office at Nairobi should ensure that bank reconciliations are brought up to date and that non-reconciling items are promptly investigated for the necessary adjustments to be made in the accounts.

Measures taken by the Administration

54. The Administration informed the Board that bank reconciliations at ECA had been brought up to date. With the installation of the Sun accounting system, bank reconciliations are now processed automatically. All bank reconciliations at the United Nations Office at Nairobi have also been brought up to date.

Comments of the Board

55. The Board notes the action taken by the Administration.

Recommendation in paragraph 69

56. The Administration should resolve the matter regarding the sale of the inventory of the Gift Centre without further delay.

Measures taken by the Administration

57. The Administration informed the Board that the question of the inventory valuation had been referred to the Headquarters Committee on Contracts and that payment had been received during the first quarter of 1999.

Comments of the Board

58. The Board will review this issue in future audits.

Recommendation in paragraph 87

59. Since the integrated library information system project had been considerably delayed from the time the General Assembly had authorized it during the biennium 1992-1993, the Administration should ensure its full implementation without further delay.

Measures taken by the Administration

60. The Administration informed the Board that this recommendation had been fully implemented with the introduction of the circulation module in August 1998. Now all planned modules of the integrated library management system are entirely operational.

Comments of the Board

61. The Board is pleased to note that the recommendation has been implemented.

Recommendation in paragraph 89

62. The Administration should ensure that the reasons for the advance payment of $393,000 on contracts at the United Nations Office at Nairobi be recorded.

Measures taken by the Administration

63. Appropriate measures have been taken by the United Nations Office at Nairobi to ensure that written justifications are on file in each instance.

Comments of the Board

64. The Board notes the action taken.

Recommendation in paragraph 98

65. The Administration should make efforts to recover the taxes improperly paid by ECLAC and make further attempts to resolve the issue of the payment of tax on purchases with the national Government.

Measures taken by the Administration

66. ECLAC intends to seek a prospective change to the statute that provides for filing a claim for reimbursement or seeking exceptional treatment by the host Government and, in the interest of maintaining smooth relationships, to accept the decision communicated informally by the host Government to deny reimbursement. The Executive Secretary of ECLAC is responsible for implementation of the recommendation.

Comments of the Board

67. The Board will monitor this issue in future audits.

Recommendation in paragraph 144

68. The United Nations Office at Geneva and the United Nations Office at Vienna should record action taken in the recruitment or appointment of staff so that delays can be identified, causes analysed and appropriate remedial action taken.

Measures taken by the Administration

69. The Administration informed the Board that in the beginning of 2000, a report on actual and envisaged post vacancies for both regular budget and extrabudgetary posts had been developed at the United Nations Office at Vienna. This report mainly uses post information extracted directly from the IMIS database and shows current vacancies, upcoming vacancies and action being taken. The report provides another tool to monitor the post vacancy situation and recruitment process. With regard to the United Nations Office at Geneva, the IMIS recruitment and appointment tracking system was made available in mid-November 1999.

Comments of the Board

70. The Board will review the developments in its future audits.

Recommendation in paragraph 172

71. The United Nations Compensation Commission should invite its Governing Council to review the basis of the processing fee that Governments were entitled to deduct from payments made to claimants to compensate for the costs they incurred.

Measures taken by the Administration

72. The United Nations Compensation Commission drew the attention of its Governing Council to the Board's recommendation during the meeting of its Working Group in December 1998 and again in March 1999. Secretariat staff provided information to representatives on current practices of Governments and

international organizations relating to the deduction and use of the processing fee. The Working Group concluded that Governments and international organizations were not overcompensated for the costs incurred in providing services to claimants and saw no reason for further review of the basis for the processing fee, which had been established pursuant to decision 18 of the Governing Council.

Comments of the Board

73. The Board notes the comments of the Administration.

Recommendation in paragraph 224

74. The United Nations Conference on Trade and Development should introduce allotment procedures for its trust fund projects.

Measures taken by the Administration

75. Implementation of the recommendation was deferred in 1999 pending the implementation of IMIS Release 3 at the United Nations Office at Geneva in April 2000, while the allotment procedures for UNCTAD trust fund projects would be effective as from the end of May 2000. The Secretary-General of UNCTAD is responsible for the implementation of the recommendation.

Comments of the Board

76. The Board will continue to monitor this issue.

Chapter III
Audit opinion

We have audited the accompanying financial statements, comprising statements numbered 1 to 23, the relevant schedules and the supporting notes, of the United Nations for the period from 1 January 1998 to 31 December 1999. These financial statements are the responsibility of the Secretary-General of the United Nations. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, and as considered by the Board of Auditors to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Secretary-General, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, these financial statements present fairly, in all respects, the financial position as at 31 December 1999 and the results of operations and cash flows for the period then ended in accordance with the Organization's stated accounting policies set out in note 2 of the financial statements, which were applied on a basis consistent with that of the preceding financial period.

Further, in our opinion, the transactions of the United Nations, which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and legislative authority.

In accordance with article XII of the Financial Regulations, we have also issued a long-form report on our audit of the financial statements of the United Nations.

(*Signed*) Sir John **Bourn**
Comptroller and Auditor General
of the United Kingdom of Great Britain
and Northern Ireland

Osei Tutu **Prempeh**[*]
Auditor-General of Ghana

(*Signed*) Celso D. **Gangan**
Chairman, Philippine Commission on Audit

28 July 2000

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[*] The term of office of the Auditor-General of Ghana expired on 30 June 2000 prior to the signing of this report. The Auditor-General, however, has expressed agreement with the contents of the report. In addition, the relevant audit programme had been approved by the Board and all special instructions given by the Board were carried out.

Chapter IV
Certification of the financial statements

1. The financial statements of the United Nations for the biennium 1998-1999 ended 31 December 1999 have been prepared in accordance with financial rule 111.4. These include all funds except the special accounts for peacekeeping, the United Nations escrow account established under the provisions of Security Council resolution 986 (1995), the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, which are the subject of separate financial statements. The General Assembly, in its resolution 49/233 of 23 December 1994, established an annual financial period for peacekeeping activities covering the period from 1 July to 30 June, and financial statements are prepared accordingly. The financial statements for the United Nations escrow account are issued on a semi-annual basis.

2. The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information on and clarification of the financial activities undertaken by the Organization during the period covered by the statements, for which the Secretary-General has administrative responsibility.

3. I certify that the appended financial statements of the United Nations, numbered I to XXIII, are correct.

(*Signed*) Jean-Pierre **Halbwachs**
Assistant Secretary-General, Controller

31 March 2000

Chapter V

Financial statements for the biennium 1998-1999 ended 31 December 1999

Statement I

UNITED NATIONS ALL FUNDS SUMMARY a/ b/

Statement of income and expenditure and changes in reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

	General Fund and Related Funds (Sts. V-VIII)	Technical Cooperation Activities (St. IX)	General Trust Funds (St. X)	Other Special Funds (Sts. XI-XXIII)	All Funds Eliminations	Total 1999	Total 1997 c/
Income							
Assessed contributions	2,408,492			7,155		2,415,647	2,534,033
Voluntary contributions		106,825	410,517	42,065		559,407	459,451
Net revenue-producing activities	4,020					4,020	4,315
Funds received under inter-organization arrangements		215,325	4,024			219,349	199,722
Allocations from other funds		42,282		5,386,860	(70,858)	5,358,284 d/	1,352,325
Transfer from other funds				10,110	(10,110)		
Jointly financed activities	73,018				(7,903)	65,115	14,284
Income for services rendered	10,323		4,310	88,879	(45,451)	58,061	85,063
Interest income	11,718	7,520	42,151	134,226		195,615	107,963
Other miscellaneous income	32,197	22,258	14,646	497,691	(320,124)	246,668	237,313
Funding from reserves and fund balances	80,319					80,319	10,125
TOTAL INCOME	2,620,107	394,210	475,648	6,166,986	(454,446)	9,202,505	5,004,594
Expenditure							
TOTAL EXPENDITURE	2,560,769	389,737	380,435	6,241,113	(444,336)	9,127,718	4,255,874
Excess (shortfall) of income over expenditure	59,338	4,473	95,213	(74,127)	(10,110)	74,787	748,720
Prior period adjustments		(624)	(278)	(12,343)		(13,245)	(18,716)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	59,338	3,849	94,935	(86,470)	(10,110)	61,542	730,004
Savings on or cancellation of prior periods' obligations	24,962			5,456		30,418	18,310
Transfers (to) from other funds		(8,425)	(5,961)		10,110	(4,276)	(3,902)
Transfers (to) from other organizations			(10,397)			(10,397)	
Transfers from surplus	(89,646)					(89,646)	
Credits to Member States							(37,469)
New Member States contributions							109
Refund to donors			(6,949)			(6,949)	(8,989)
Other adjustments to reserves and fund balances	(5,356)	(1,362)		12,551		5,833	9,270
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	418,830	82,516	326,434	885,154		1,712,934	1,005,601
RESERVES AND FUND BALANCES, END OF PERIOD	408,128	76,578	398,062	816,691		1,699,459	1,712,934

a/ [illegible]

b/ The Peace-keeping accounts, United Nations Escrow [illegible], International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 and International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda have been omitted as they are reported in separate sets of financial statements.

c/ Comparative figures have been reclassified to conform to current presentation.

d/ Includes allocations of [illegible] from the United Nations Escrow [illegible] Security Council Resolution 986 [illegible] United Nations [illegible].

The accompanying notes are an integral part of the financial statements.

Statement II

UNITED NATIONS ALL FUNDS SUMMARY a/ b/

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999

(Thousands of United States dollars)

	General Fund and Related Funds (Sch. V - VIII)	Technical Cooperation Activities (Sch. IX)	General Trust Funds (Sch. X)	Other Special Funds (Sch. XI - XXIII)	All Funds Eliminations	**Total 1999**		**Total 1997 c/**
Assets								
Cash and term deposits	149,082	134,401	173,666	806,108		1,263,257		1,362,892
Investments	29,970	6,995	212,067	1,315,552		1,564,584	d/	20,179
Assessed contributions receivable from Member States	244,234			3,808		248,042		473,470
Voluntary contributions receivable		46,009	8,787	1,174		55,970		37,078
Inter-fund balances receivable e/	741,776	42,308	1,223	353,167	(443,833)	694,641		271,877
Other accounts receivable	138,839	19,361	11,103	147,247		316,550		192,240
Deferred charges	59,291	6,343		8,503,458		8,569,092	f/	5,451,682
Inter-office transactions pending processing	12,093		1,892	47		14,032		23,433
Other assets	16,698	240,570	99,817	165		357,250		209,792
Land and buildings				437,802		437,802		434,805
TOTAL ASSETS	1,391,903	495,987	510,555	11,568,528	(443,833)	13,523,140		8,478,348
Liabilities								
Contributions or payments received in advance	4,705	66,891	4,003	335,139		410,738		466,839
Unliquidated obligations	155,942	83,847	83,345	1,624,613		1,947,747	g/	380,702
Inter-fund balances payable e/	726,456	30,353	9,392	59,996	(443,833)	382,570		269,986
Inter-office transactions pending processing	2,771		743	253		3,767		
Other accounts payable	85,145	40,235	15,210	124,767		265,357		112,698
Other liabilities	8,746	197,659		8,607,099		8,813,504	f/	5,526,192
TOTAL LIABILITIES	983,765	419,389	112,495	10,751,867	(443,833)	11,823,683		6,765,414
Reserves and fund balances								
Operating reserves		203	5,064	194,788		200,059		194,780
Reserves for allocation			44,463			44,463		17,554
Capital funds relating to land, buildings and technological innovations				417,580		417,580		418,133
Working capital funds	100,000					100,000		100,000
Authorized retained surplus	68,156					68,156		68,156
Fund principal from contributions	48,728		4,050	69,637		122,415		122,337
Cumulative surplus (deficit)	191,054		344,483	134,656		670,193		689,377
Balances related to projects funded by donors		76,391				76,391		82,378
TOTAL RESERVES & FUND BALANCES	408,138	76,598	398,060	816,661		1,699,457		1,712,934
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	1,391,903	495,987	510,555	11,568,528	(443,833)	13,523,140		8,478,348

Statement II
(concluded)

UNITED NATIONS ALL FUNDS SUMMARY a/ b/

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999

a/ See notes 2 and 3

b/ The Peace-keeping accounts, United Nations Escrow (SC R 986), International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 and International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda have been omitted as they are reported in separate sets of financial statements

c/ Comparative figures have been reclassified to conform to current presentation

d/ Represents investments in bonds, treasury bills and commercial papers

e/ Includes interfund loans from peace keeping funds. Interfund balances relating to peace keeping activities, UN Escrow account (SC R 986), International Tribunal for the Prosection of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 and Interntional Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda have not been omitted

f/ Includes $[illegible] of compensation claims which have been approved by the Governing Council of UN Compensation Commission but not yet paid or obligated pending receipt of funds from the United Nations Escrow Account

g/ Includes obligations of $[illegible] for UN Compensation Commission for claim payments to the extent of available cash

The accompanying notes are an integral part of the financial statements

Statement III

UNITED NATIONS ALL FUNDS SUMMARY a/ b/

Statement of Cash Flows for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	General Fund and Related Funds (Sts V - VIII)	Technical Cooperation Activities (St IX)	General Trust Funds (St X)	Other Special Funds (Sts XI - XXIII)	**Total 1999**	**Total 1997 c/**
Cash flows from operating activities						
Net excess (shortfall) of income over expenditure (Statement I)	59,338	3,849	94,935	(86,470)	71,652	730,004
(Increase) decrease in contributions receivable	229,236	(21,520)	4,702	(4,982)	207,436	77,248
(Increase) decrease in other accounts receivable	(42,489)	(3,875)	1,337	(79,283)	(124,310)	9,479
(Increase) decrease in other assets	49,198	(78,370)	(63,930)	(3,165,362)	(3,258,464)	(5,514,676)
Increase (decrease) in contributions or payments received in advance	3,755	42,720	25	(102,601)	(56,101)	406,391
Increase (decrease) in unliquidated obligations	(50,046)	16,206	33,516	1,558,369	1,558,045	144,646
Increase (decrease) in accounts payable	31,969	(799)	(465)	121,957	152,662	(452,176)
Increase (decrease) in other liabilities	7,823	89,111	743	3,193,402	3,291,079	5,432,547
Less: Interest income	(11,738)	(7,520)	(42,151)	(134,226)	(195,635)	(107,963)
NET CASH FROM OPERATING ACTIVITIES	277,046	39,802	28,712	1,300,804	1,646,364	725,500
Cash flows from investing and financing activities						
(Increase) decrease in investments	(29,970)	(6,995)	(209,641)	(1,297,799)	(1,544,405)	(6,264)
(Increase) decrease in inter-fund balances receivable	(426,461)	(11,119)	4,866	(229,046)	(661,760)	(40,976)
Increase (decrease) in inter-fund balances payable	345,878	24,437	(30,565)	11,830	351,580	(108,010)
Plus: Interest income	11,738	7,520	42,151	134,226	195,635	107,963
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	(98,815)	13,843	(193,189)	(1,380,789)	(1,658,950)	(47,287)
Cash flows from other sources						
Savings on, or cancellation of, prior periods' obligations	24,962	-		5,456	30,418	14,310
Transfers (to) from other funds	-	(8,425)	(5,963)	-	(14,388)	(3,902)
Transfers (to) from other organizations	-	-	(10,397)	-	(10,397)	-
Transfers from surplus	(89,646)		-	-	(89,646)	-
New Member States contributions	-	-	-	-	-	109
Credits to Member States	-	-	-	-		(37,469)
Refund to donors	-	-	(6,949)		(6,949)	(8,989)
Other adjustments to reserves and fund balances	(5,356)	(1,362)	-	12,551	5,833	8,270
NET CASH FROM OTHER SOURCES	(70,040)	(9,787)	(23,309)	18,007	(85,129)	(27,671)
Net Increase (Decrease) in Cash and Term Deposits	108,191	43,858	(187,786)	(61,978)	(97,715)	650,542
CASH AND TERM DEPOSITS, BEGINNING OF PERIOD	40,811	90,543	363,452	868,086	1,362,892	712,350
CASH AND TERM DEPOSITS, END OF PERIOD	149,002	134,401	175,666	806,108	1,265,177	1,362,892

Statement III
(concluded)

UNITED NATIONS ALL FUNDS SUMMARY a/ b/

Statement of Cash Flows for the biennium 1998-1999 ending 31 December 1999

a See note 3

b The Peace-keeping accounts, United Nations Escrow (SCR 986), International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 and International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda have been omitted as they are reported in separate sets of financial statements

c Comparative figures have been reclassified to conform to current presentation

The accompanying notes are an integral part of the financial statements

Statement IV

United Nations General Fund

Statement of appropriations for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

		APPROPRIATIONS			EXPENDITURES			
	Approrpiation section	Amount approp. by Res. 54/247A	Transfers between Sections	Revised Total	Disburse-ments	a/ Unliquidated obligations	Total	Balance
	Part I - Overall policy-making, direction and co-ordination							
01A	Overall policy-making, direction and co-ordination	41,706	(228)	41,478	40,008	1,470	41,478	-
01B	General Assembly affairs and conference services	437,485	-	437,485	425,393	12,002	437,395	90
	Total - Part I	479,191	(228)	478,963	465,401	13,472	478,873	90
	Part II - Political Affairs							
02A	Political Affairs	41,050	(612)	40,438	38,636	1,802	40,438	-
02B	Disarmament	11,804	(16)	11,788	11,332	327	11,659	129
03	Peace-keeping operations and special missions	167,066	(2,169)	164,897	151,854	13,043	164,897	-
04	Outer Space Affairs	4,178	-	4,178	3,957	221	4,178	-
	Total - Part II	224,098	(2,797)	221,301	205,779	15,393	221,172	129
	Part III - International justice and law							
05	International Court of Justice	21,181	(189)	20,992	20,992	-	20,992	-
06	Legal activities	31,441	(732)	30,709	29,368	1,341	30,709	-
	Total - Part III	52,622	(921)	51,701	50,360	1,341	51,701	-
	Part IV - International co-operation for development							
07A	Economic and social affairs	104,980	962	105,942	103,875	2,067	105,942	-
08	Africa: New Agenda for Development	4,967	-	4,967	4,608	259	4,867	100
11A	Trade and development	88,945	(754)	88,191	86,342	1,849	88,191	-
11B	International Trade Centre UNCTAD/WTO	18,521	-	18,521	18,492	-	18,492	29

Statement IV (continued)

	Approrpiation section	APPROPRIATIONS Amount approp. by Res. 54/247A	Transfers between Sections	Revised Total	EXPENDITURES Disburse-ments	Unliquidated a/ obligations	Total	Balance
12	Environment	8,806	-	8,806	8,268	441	8,709	97
13	Human settlements	12,957	117	13,074	12,589	485	13,074	-
14	Crime Control	4,759	39	4,798	4,557	241	4,798	-
15	International drug control	13,886	198	14,084	13,303	781	14,084	-
	Total - Part IV	257,821	562	258,383	252,034	6,123	258,157	226
	Part V - Regional co-operation for development							
16	Economic and social development in Africa	77,555	-	77,555	69,595	7,951	77,546	9
17	Economic and social development in Asia and the Pacific	53,948	408	54,356	52,742	1,614	54,356	-
18	Economic and social development in Europe	42,531	14	42,545	41,836	709	42,545	-
19	Economic & social development Latin America & the Caribbean	79,125	(662)	78,463	76,473	1,990	78,463	-
20	Economic and social development in Western Asia	41,784	189	41,973	40,290	1,683	41,973	-
21	Regular programme of technical co-operation	42,257	25	42,282	37,920	4,362	42,282	-
	Total - Part V	337,200	(26)	337,174	318,856	18,309	337,165	9
	Part VI - Human rights and humanitarian affairs							
22	Human rights	41,898	399	42,297	40,624	1,673	42,297	-
23	Protection and assistance to refugees	46,520	232	46,752	46,255	497	46,752	-
24	Palestine refugees	24,882	(554)	24,328	24,328	-	24,328	-
25	Humanitarian assistance	17,618	148	17,766	16,330	1,436	17,766	-
	Total - Part VI	130,918	225	131,143	127,537	3,606	131,143	-
	Part VII - Public information							
26	Public information	133,863	(278)	133,585	130,178	3,407	133,585	-
	Total - Part VII	133,863	(278)	133,585	130,178	3,407	133,585	-

Statement IV (concluded)

		APPROPRIATIONS			EXPENDITURES			
	Approrpiation section	Amount approp. by Res 54/247A	Transfers between Sections	Revised Total	Disbursements	a/ Unliquidated obligations	Total	Balance
	Part VIII - Common support services							
27	Administrative services	440,410	733	441,143	408,484	32,659	441,143	-
	Total - Part VIII	440,410	733	441,143	408,484	32,659	441,143	-
	Part IX - Internal oversight							
28	Internal oversight	17,768	110	17,878	17,316	562	17,878	-
	Total - Part IX	17,768	110	17,878	17,316	562	17,878	-
	Part X - Jointly financed administrative activities and special expenses							
29	Jointly financed administrative activities	7,964	-	7,964	7,536	367	7,903	61
30	Special expenses	44,456	732	45,188	44,769	419	45,188	-
	Total - Part X	52,420	732	53,152	52,305	786	53,091	61
	Part XI - Capital expenditures							
31	Construction, alteration, improvement and major maintenance	37,012	-	37,012	22,500	14,484	36,984	28
	Total - Part XI	37,012	-	37,012	22,500	14,484	36,984	28
	Part XII - Staff assessment							
32	Staff assessment	311,914	1,888	313,802	313,802	-	313,802	-
	Total - Part XII	311,914	1,888	313,802	313,802	-	313,802	-
	Part XIII - Development account							
34	Development account	13,065	-	13,065	13,065	-	13,065	-
	Total - Part XIII	13,065	-	13,065	13,065	-	13,065	-
	Grand Total	2,488,302	-	2,488,302	2,377,617	110,142	2,487,759	543

a/ Includes charges against budget accounts credited to accounts payable

Schedule 4.1

United Nations General Fund

Status of appropriations by section and major object of expenditure
for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

	Appropriation parts and sections	Revised appro-priation	Salaries & common Staff costs	Travel	Contractual services	Operating expenses & supplies	Acquisitions and new premises	All other expenses	Total expenditure	Balance
	Part I - Overall policy-making, direction and co-ordination									
01A	Overall policy-making, direction and co-ordination	41,478	25,002	7,027	3,375	1,160	38	4,876	41,478	-
01B	General Assembly affairs and conference services	437,485	378,040	1,553	8,336	12,259	5,854	31,353	437,395	90
	Total - Part I	478,963	403,042	8,580	11,711	13,419	5,892	36,229	478,873	90
	Part II - Political Affairs									
02A	Political Affairs	40,438	35,905	1,852	636	1,374	671	-	40,438	-
02B	Disarmament	11,788	9,824	424	47	124	95	1,145	11,659	129
03	Peace-keeping operations and special missions a/	164,897	108,600	6,465	1,447	23,363	12,556	12,466	164,897	-
04	Outer Space Affairs	4,178	3,641	106	-	9	17	405	4,178	-
	Total - Part II	221,301	157,970	8,847	2,130	24,870	13,339	14,016	221,172	129
	Part III - International justice and law									
05	International Court of Justice	20,992	12,540	75	5,362	2,665	350	-	20,992	-
06	Legal activities	30,709	24,889	2,577	2,165	433	309	336	30,709	-
	Total - Part III	51,701	37,429	2,652	7,527	3,098	659	336	51,701	-
	Part IV - International co-operation for development									
07A	Economic and social affairs	105,942	96,630	3,877	778	2,819	1,008	830	105,942	-
08	Africa: New Agenda for Development	4,967	4,386	226	190	61	4	-	4,867	100
11A	Trade and development	88,191	79,700	1,901	493	3,568	828	1,701	88,191	-
11B	International Trade Centre UNCTAD/WTO	18,521	-	-	-	-	-	18,492	18,492	29
12	Environment	8,806	8,164	259	24	248	14	-	8,709	97
13	Human settlements	13,074	12,389	118	100	244	223	-	13,074	-

Schedule 4.1 (continued)

	Appropriation parts and sections	Revised appro-priation	Salaries & common Staff costs	Travel	Contractual services	Operating expenses & supplies	Acquisitions and new premises	All other expenses	Total expenditure	Balance
14	Crime Control	4,798	4,395	257	48	17	81	-	4,798	-
15	International drug control	14,084	11,952	1,037	576	265	254	-	14,084	-
	Total - Part IV	258,383	217,616	7,675	2,209	7,222	2,412	21,023	258,157	226
	Part V - Regional co-operation for development									
16	Economic and social development in Africa	77,555	60,028	2,541	1,157	7,264	5,218	1,338	77,546	9
17	Economic and social development in Asia and the Pacific	54,356	47,749	939	494	3,806	1,368	-	54,356	-
18	Economic and social development in Europe	42,545	39,822	618	199	178	441	1,287	42,545	-
19	Economic and social development in America & the Caribbean	78,463	66,127	1,690	1,532	7,605	1,509	-	78,463	-
20	Economic and social development in Western Asia	41,973	36,448	432	672	3,498	923	-	41,973	-
21	Regular programme of technical co-operation	42,282	33,381	4,517	-	37	98	4,249	42,282	-
	Total - Part V	337,174	283,555	10,737	4,054	22,388	9,557	6,874	337,165	9
	Part VI - Human rights and humanitarian affairs									
22	Human rights	42,297	31,555	8,607	320	1,114	662	39	42,297	-
23	Protection and assistance to refugees	46,752	45,681	-	-	1,071	-	-	46,752	-
24	Palestine refugees	24,328	24,328	-	-	-	-	-	24,328	-
25	Humanitarian assistance	17,766	11,521	1,165	91	934	278	3,777	17,766	-
	Total - Part VI	131,143	113,085	9,772	411	3,119	940	3,816	131,143	-
	Part VII - Public information									
26	Public information	133,585	102,431	1,516	14,154	11,662	3,560	262	133,585	-
	Total - Part VII	133,585	102,431	1,516	14,154	11,662	3,560	262	133,585	-
	Part VIII - Common support services									
27	Administrative services	441,143	243,022	1,408	26,014	137,643	12,622	20,434	441,143	-
	Total - Part VIII	441,143	243,022	1,408	26,014	137,643	12,622	20,434	441,143	-

Schedule 4.1 (concluded)

Appropriation parts and sections	Revised appro-priation	Salaries & common Staff costs	Travel	Contractual services	Operating expenses & supplies	Acquisitions and new premises	All other expenses	Total expenditure	Balance
Part IX - Internal oversight									
28 Internal oversight	17,878	16,390	792	10	325	361	-	17,878	-
Total - Part IX	17,878	16,390	792	10	325	361	-	17,878	-
Part X - Jointly financed administrative activities & special expenses									
29 Jointly financed administrative activities	7,964	-	-	-	-	-	7,903	7,903	61
30 Special expenses	45,188	40,222	-	-	4,239	-	727	45,188	-
Total - Part X	53,152	40,222	-	-	4,239	-	8,630	53,091	61
Part XI - Capital expenditures									
31 Construction, alteration, improvement and major maintenance	37,012	2	-	-	-	36,982	-	36,984	28
Total - Part XI	37,012	2	-	-	-	36,982	-	36,984	28
Part XII - Staff assessment									
32 Staff assessment	313,802	313,802	-	-	-	-	-	313,802	-
Total - Part XII	313,802	313,802	-	-	-	-	-	313,802	-
Part XIII - Development account									
34 Development account	13,065	-	-	-	-	-	13,065	13,065	-
Total - Part XIII	13,065	-	-	-	-	-	13,065	13,065	-
Grand Total	2,488,302	1,928,566	51,979	68,220	227,985	86,324	124,685	2,487,759	543

a/ Total expenditure is made up of the following:

Department of Peace-keeping operations	10,751
MINUGUA	55,290
UNTSO	45,036
UNMOGIP	12,495
Office of the Secretary-General in Afghanistan	5,690
MICIVIH	10,694
Mission to Burundi	3,302
Other special missions	21,639
Total	164,897

Statement V

UNITED NATIONS GENERAL FUND a/

Statement of income and expenditure and changes in reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

		1999	1997 b/
Income			
Assessed contributions c/		2,408,492	2,534,023
Net income from revenue-producing activities	(Schedule 5.1)	4,020	4,315
Jointly financed activities d/		-	14,284
Income for services rendered		10,323	34,225
Interest income		3,641	2,060
Other/miscellaneous income	(Schedule 5.2)	32,123	35,118
Funding from reserves and fund balances c/		80,319	10,125
TOTAL INCOME		2,538,918	2,634,150
Expenditure			
TOTAL EXPENDITURE	(Statement IV)	2,487,759	2,532,745
Excess (shortfall) of income over expenditure		51,159	101,405
Prior period adjustment		-	(94)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		51,159	101,311
Savings on, or cancellation of, prior periods' obligations		24,959	13,617
Transfer from surplus c/ f/		(89,646)	(10,125)
New Member States contributions		-	109
Other adjustments to fund balances		(5,346)	(283)
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD		158,002	53,373
RESERVES AND FUND BALANCES, END OF PERIOD		139,128	158,002

UNITED NATIONS GENERAL FUND a/

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999

(Thousands of United States dollars)

		1999	1997 b/
Assets			
Cash and term deposits g/		61,002	17,811
Assessed contributions receivable from Member States c/	(Schedule 5.3)	244,234	473,460
Inter-fund balances receivable		722,016	283,690
Other accounts receivable		131,078	96,350
Deferred charges		57,517	98,648
Inter-office transactions pending processing		12,093	21,789
Special account for assessed contributions unpaid pursuant to resolution 3049 C (XXVII)		16,637	16,637
Other assets h/		61	206
TOTAL ASSETS		1,244,638	1,008,591
Liabilities			
Payments of contributions received in advance		4,705	950
Unliquidated obligations- current year		110,496	120,927
Unliquidated obligations- future years		43,974	85,061
Inter-fund balances payable		668,855	202,977
Inter-office transactions pending processing		2,771	-
Due to United Nations Working Capital Fund		78,289	71,703
Due to United Nations Special Account		46,688	134,500
Due to United Nations Peace-keeping Reserve Fund		57,601	57,601
Due to United Nations Mission in Haiti		-	78,000
Due to United Nations Operation in Mozambique		-	23,000
Due to United Nations Assistance Mission in Rwanda		-	19,000
Other accounts payable i/		85,132	53,176
Other liabilities j/		6,999	3,694
TOTAL LIABILITIES		1,105,510	850,589
Reserves and fund balances			
Authorized retained surplus		68,356	68,356
Cumulative surplus		70,772	89,646
TOTAL RESERVES AND FUND BALANCES		139,128	158,002
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		1,244,638	1,008,591

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a See note 5

b Comparative figures reclassified to conform to current presentation

c Includes contributions unpaid irrespective of collectibility. See note 4 for reconciliation of appropriations and assessments

d Beginning January 1998, jointly financed activities are reported in Statement VIII, and consolidated into the United Nations General and Related Funds

e Represents amounts authorized under General Assembly resolution 52 221 C and 53 215C to fund the 1998-1999 budget appropriations

f Includes amounts distributed from the 1996-1997 unencumbered balance to fund IMIS $2,500,000, to improve & refurbish conference facilities $1,300,000 and to finance the activities of UNCTAD $5,526,600 in biennium 1998-1999 in accordance with General Assembly decision 52 462

g Comprises operational cash and time deposits of $ 79,815,626 offset by overdraft at various banks of $ 18,813,132

h Represents balance of inventory of the United Nations Gift Center which has been submitted to the Property Survey Board for write off

i Includes current year unliquidated obligations of $2.7 million for revenue-producing activities

j Includes $ 4,859,368 recovered from user department and offices for telecommunication services, to be disposed of upon establishment of new arrangements for telecommunications cost recovery system

Schedule 5.1

UNITED NATIONS GENERAL FUND
Revenue-Producing Activities
Schedule of income and expenditure for the biennium 1998-1999 ending 31 DECEMBER 1999
(Thousands of United States dollars)

	Sale of UN Postage Stamps	Garage Operation	Gift Center	Newsstand and Catering	Sale of Publication	Services to Visitors	Statistical Services	Total as at 31 December 1999	Total as at 31 December 1997
Income:									
Gross receipts	20,065	2,991	1,597	282	15,480	5,795	1,025	47,235	49,293
Less Cost of Sales	3,246	-	-	-	4,169	-	-	7,415	8,308
Net income from sales	16,819	2,991	1,597	282 a/	11,311	5,795	1,025	39,820	40,985
Expenditure:									
Staff and other personnel costs	11,933	1,440	-		7,049	7,137	376	27,935	30,824
Operating expenses	1,022	135	-	-	1,968	14	259	3,398	2,854
Acquisitions	259	21	-	-	186	77	10	553	601
Promotional costs	1,231	-	-	-	691	162	-	2,084	2,334
Management fees	-	-	-	-	27	-	-	27	57
Total expenditure	14,445	1,596	-	-	9,921	7,390	645	33,997	36,670
Excess of income over expenditure	2,374	1,395	1,597	282	1,390	(1,595)	380	5,823	4,315
Less Salary and common staff costs of Commercial Management Activities directly related to supervision and operation of the activities in this section								1,803 b/	
Actual excess of income over expenditure								4,020	
Final estimates for the biennium 1998-1999	2,623	1,423	1,372	140	910	(1,014)	297	5,751	3,126 d/
Less Commercial Management Activities								1,655	
Net final estimates for the biennium 1998-1999								4,096 c/	

a/ Represents income of $227,000 from Newsstand and $55,000 from Catering Services

b/ Actual total expenditures for Commercial Management Activities

c/ Total of $4,096,400 represents the final approved estimates for the biennium 1998-1999 approved in General Assembly resolution 54/247A-B of 3 February 2000

d/ Total of $3,126,200 represents the final approved estimates for the biennium 1996-1997 approved in General Assembly resolution 52/213b of 22 December 1997

Schedule 5.2

UNITED NATIONS GENERAL FUND

Schedule of miscellaneous income for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	Final estimates for the biennium 1998-1999	Actual for the biennium 1998-1999	Actual for the biennium 1996-1997
Net income from revenue-producing activities	4,096	4,020	4,315
Jointly financed activities: a/			
Special agencies share of costs for the International Civil Service Commission	-	-	7,444
Special agencies share of costs for the Joint Inspection Unit	-	-	6,840
Sub-total	-	-	14,284
Income for services rendered	5,501	10,323	34,225
Interest income	3,124	3,641	2,060
Other miscellaneous income:			
Income from rental of premises	14,860	13,132	15,194
Sale of used equipment	147	347	285
Refund of prior years' expenditures	4,760	5,532	2,699
Contributions of Non-Member States	7,687	7,626	7,850
Television and similar services	560	457	1,061
Other	933	5,029	8,029
Sub-total	28,947	32,123	35,118
TOTAL MISCELLANEOUS INCOME	41,668	50,107	90,002

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a Beginning January 1998, jointly financial activities are reported in Statement VIII, and consolidated into the United Nations General Fund and Related Funds.

UNITED NATIONS GENERAL FUND

Assessed contributions unpaid as at 31 December 1999

(United States dollars)

Member states	Assessed Contributions Unpaid as at 1 January 1998	Net Assessed Contributions 1998 and 1999	Collections During 1998 and 1999	Assessed contributions unpaid as at 31 December 1999			
				Prior years	1998	1999	Total
AFGHANISTAN	144,635	73,237	139,000	5,635	42,065	31,172	78,872
ALBANIA	106,508	62,721	138,057	-	-	31,172	31,172
ALGERIA	-	2,196,633	2,196,633	-	-	-	-
ANDORRA	-	83,628	83,628	-	-	-	-
ANGOLA	215,278	209,072	320,441	-	-	103,909	103,909
ANTIGUA AND BARBUDA	71,508	41,814	53,000	18,508	21,032	20,782	60,322
ARGENTINA	4,112,379	18,716,784	12,188,876	-	-	10,640,287	10,640,287
ARMENIA	1,406,762	398,239	1,805,001	-	-	-	-
AUSTRALIA	-	30,868,758	30,868,758	-	-	-	-
AUSTRIA	-	19,610,557	19,610,557	-	-	-	-
AZERBAIJAN	1,872,226	859,576	2,731,802	-	-	-	-
BAHAMAS	-	313,607	313,607	-	-	-	-
BAHRAIN	-	365,938	365,938	-	-	-	-
BANGLADESH	-	209,072	209,072	-	-	-	-
BARBADOS	-	167,258	167,258	-	-	-	-
BELARUS	4,654,034	2,576,723	7,230,757	-	-	-	-
BELGIUM	-	22,987,003	22,987,003	-	-	-	-
BELIZE	-	20,907	20,907	-	-	-	-
BENIN	-	41,814	21,032	-	-	20,782	20,782
BHUTAN	106,508	20,907	127,415	-	-	-	-
BOLIVIA	-	156,868	156,868	-	-	-	-
BOSNIA AND HERZEGOVINA	973,857	104,536	1,078,393	-	-	-	-
BOTSWANA	-	209,072	209,072	-	-	-	-
BRAZIL	16,703,942	31,196,268	22,674,595	-	9,950,984	15,274,631	25,225,615
BRUNEI DARUSSALAM	-	418,144	418,144	-	-	-	-
BULGARIA	766,857	670,660	1,437,517	-	-	-	-
BURKINA FASO	-	41,814	26,765	-	-	15,049	15,049
BURUNDI	250,255	20,907	174,431	75,824	10,516	10,391	96,731
CAMBODIA	106,508	20,907	127,415	-	-	-	-
CAMEROON	-	282,310	68,694	-	78,534	135,082	213,616
CANADA	-	58,325,023	58,325,023	-	-	-	-
CAPE VERDE	279,997	31,298	290,513	-	-	20,782	20,782
CENTRAL AFRICAN REPUBLIC	581,887	31,423	521,567	60,320	21,032	10,391	91,743
CHAD	277,723	20,907	288,688	-	-	9,942	9,942
CHILE	-	2,549,548	2,549,548	-	-	-	-

SCHEDULE 5.3
(continued)

UNITED NATIONS GENERAL FUND

Assessed contributions unpaid as at 31 December 1999

(United States dollars)

Member states	Assessed Contributions Unpaid as at 1 January 1998	Net Assessed Contributions 1998 and 1999	Collections During 1998 and 1999	Assessed contributions unpaid as at 31 December 1999 Prior years	1998	1999	Total
CHINA	-	19,585,512	19,585,512	-	-	-	-
COLOMBIA	-	2,268,367	2,268,367	-	-	-	-
COMOROS	606,890	20,907	9,000	597,890	10,516	10,391	618,797
CONGO	215,278	62,721	7,000	208,278	31,549	31,172	270,999
COSTA RICA	83,341	345,031	318,928	-	-	109,444	109,444
COTE D'IVOIRE	-	219,713	219,713	-	-	-	-
CROATIA	-	962,984	962,984	-	-	-	-
CUBA	354,092	680,298	1,034,390	-	-	-	-
CYPRUS	-	710,844	710,844	-	-	-	-
CZECHOSLOVAKIA		3,034,549	3,034,549	-	-	-	-
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	350,098	523,433	769,000	-	-	104,531	104,531
DEMOCRATIC REPUBLIC OF THE CONGO	106,509	156,868	263,377	-	-	-	-
DENMARK	-	14,404,794	14,404,794	-	-	-	-
DJIBOUTI	160,376	20,907	177,300	-	-	3,983	3,983
DOMINICA	322,514	20,907	294,391	28,123	10,516	10,391	49,030
DOMINICAN REPUBLIC	-	324,124	324,124	-	-	-	-
ECUADOR	277,330	439,176	403,530	-	105,158	207,818	312,976
EGYPT	-	1,401,031	1,401,031	-	-	-	-
EL SALVADOR	106,508	250,886	357,394	-	-	-	-
EQUATORIAL GUINEA	140,903	20,907	161,810	-	-	-	-
ERITREA	-	20,907	9,670	-	846	10,391	11,237
ESTONIA	838,235	397,737	1,235,972	-	-	-	-
ETHIOPIA	-	135,960	135,960	-	-	-	-
FIJI	-	83,628	83,628	-	-	-	-
FINLAND	-	11,289,626	11,289,626	-	-	-	-
FRANCE	-	136,249,194	136,249,194	-	-	-	-
GABON	-	345,156	345,156	-	-	-	-
GAMBIA	369,062	20,907	389,969	-	-	-	-
GEORGIA	2,202,468	807,372	256,928	1,945,540	609,944	197,428	2,752,912
GERMANY	-	203,185,703	203,185,703	-	-	-	-
GHANA	106,508	146,351	180,122	-	-	72,737	72,737
GREECE	-	7,517,195	7,517,195	-	-	-	-
GRENADA	314,556	20,907	335,463	-	-	-	-
GUATEMALA	319,952	386,845	626,815	-	-	79,982	79,982

SCHEDULE 5.3
(continued)

UNITED NATIONS GENERAL FUND

Assessed contributions unpaid as at 31 December 1999
(United States dollars)

Member states	Assessed Contributions Unpaid as at 1 January 1998	Net Assessed Contributions 1998 and 1999	Collections During 1998 and 1999	Assessed contributions unpaid as at 31 December 1999			
				Prior years	1998	1999	Total
GUINEA	128,904	62,721	191,625	-	-	-	-
GUINEA-BISSAU	284,635	20,907	9,000	275,635	10,516	10,391	296,542
GUYANA	37,105	20,907	48,609	-	-	9,403	9,403
HAITI	354,045	41,814	395,859	-	-	-	-
HONDURAS	154,886	73,237	228,123	-	-	-	-
HUNGARY	-	2,498,346	2,498,346	-	-	-	-
ICELAND	-	669,030	669,030	-	-	-	-
INDIA	-	6,314,345	6,314,345	-	-	-	-
INDONESIA	-	3,731,242	3,338,904	-	-	392,338	392,338
IRAN (ISLAMIC REPUBLIC OF)	3,718,316	5,191,875	8,000,440	-	-	909,751	909,751
IRAQ	7,188,218	1,382,507	43,000	7,145,218	914,916	467,591	8,527,725
IRELAND	-	4,672,692	4,672,692	-	-	-	-
ISRAEL	3,857,813	7,044,717	7,061,313	-	256,354	3,584,863	3,841,217
ITALY	-	113,168,171	113,168,171	-	-	-	-
JAMAICA	-	125,444	125,444	-	-	-	-
JAPAN	-	396,744,946	396,744,946	-	-	-	-
JORDAN	-	146,477	146,477	-	-	-	-
KAZAKHSTAN	1,000,000	1,989,817	2,989,817	-	-	-	-
KENYA	103,324	146,351	176,938	-	-	72,737	72,737
KUWAIT	-	3,011,887	3,011,887	-	-	-	-
KYRGYZSTAN	453,977	240,871	694,848	-	-	-	-
LAO PEOPLE'S DEMOCRATIC REPUBLIC	-	20,907	20,907	-	-	-	-
LATVIA	1,738,191	733,130	2,471,321	-	-	-	-
LEBANON	-	334,515	334,515	-	-	-	-
LESOTHO	85,019	41,814	126,833	-	-	-	-
LIBERIA	767,629	41,814	8,000	759,629	21,032	20,782	801,443
LIBYAN ARAB JAMAHIRIYA	-	3,054,202	3,054,202	-	-	-	-
LIECHTENSTEIN	-	114,928	114,928	-	-	-	-
LITHUANIA	1,413,999	701,832	1,966,395	-	-	149,436	149,436
LUXEMBOURG	-	1,400,656	1,400,656	-	-	-	-
MADAGASCAR	81,123	62,721	143,844	-	-	-	-
MALAWI	-	41,814	41,814	-	-	-	-
MALAYSIA	-	3,637,097	3,637,097	-	-	-	-
MALDIVES	-	20,907	20,907	-	-	-	-
MALI	51,723	52,331	104,054	-	-	-	-

SCHEDULE 5.3
(continued)

UNITED NATIONS GENERAL FUND

Assessed contributions unpaid as at 31 December 1999

(United States dollars)

Member states	Assessed Contributions Unpaid as at 1 January 1998	Net Assessed Contributions 1998 and 1999	Collections During 1998 and 1999	Assessed contributions unpaid as at 31 December 1999			
				Prior years	1998	1999	Total
MALTA	-	292,700	292,700	-	-	-	-
MARSHALL ISLANDS	-	20,907	20,907	-	-	-	-
MAURITANIA	74,459	20,907	95,366	-	-	-	-
MAURITIUS	106,508	188,165	294,673	-	-	-	-
MEXICO	-	20,078,900	20,078,900	-	-	-	-
MICRONESIA (FEDERATED STATES OF)	-	20,907	20,907	-	-	-	-
MONACO	-	73,112	73,112	-	-	-	-
MONGOLIA	-	41,814	41,814	-	-	-	-
MOROCCO	9,277	857,195	861,247	-	-	5,225	5,225
MOZAMBIQUE	-	31,423	31,423	-	-	-	-
MYANMAR	-	177,774	177,774	-	-	-	-
NAMIBIA	-	146,351	146,351	-	-	-	-
NEPAL	-	83,628	83,628	-	-	-	-
NETHERLANDS	-	33,973,411	33,973,411	-	-	-	-
NEW ZEALAND	-	4,620,486	4,620,486	-	-	-	-
NICARAGUA	261,586	31,423	276,870	-	5,748	10,391	16,139
NIGER	144,454	41,814	13,725	130,729	21,032	20,782	172,543
NIGERIA	-	1,151,775	1,151,775	-	-	-	-
NORWAY	-	12,700,797	12,700,797	-	-	-	-
OMAN	-	1,055,750	1,055,750	-	-	-	-
PAKISTAN	-	1,244,039	1,244,039	-	-	-	-
PALAU	-	20,907	10,516	-	-	10,391	10,391
PANAMA	77,013	303,343	380,356	-	-	-	-
PAPUA NEW GUINEA	-	146,351	146,351	-	-	-	-
PARAGUAY	4,000 b	292,700	155,271	-	-	141,429	141,429
PERU	-	1,881,020	1,747,236	-	-	133,784	133,784
PHILIPPINES	-	1,641,026	1,354,564	-	-	286,462	286,462
POLAND	-	4,790,502	4,790,502	-	-	-	-
PORTUGAL	-	8,202,996	8,202,996	-	-	-	-
QATAR	396,968	689,937	1,086,905	-	-	-	-
REPUBLIC OF KOREA	-	20,371,599	20,371,599	-	-	-	-
REPUBLIC OF MOLDOVA	1,209,917	639,236	1,662,117	-	-	187,036	187,036
ROMANIA	-	1,768,851	1,768,851	-	-	-	-
RUSSIAN FEDERATION	-	45,664,526	45,664,526	-	-	-	-
RWANDA	196,464	31,423	227,887	-	-	-	-

SCHEDULE 5.3
(continued)

UNITED NATIONS GENERAL FUND

Assessed contributions unpaid as at 31 December 1999

(United States dollars)

Member states	Assessed Contributions Unpaid as at 1 January 1998	Net Assessed Contributions 1998 and 1999	Collections During 1998 and 1999	Assessed contributions unpaid as at 31 December 1999			
				Prior years	1998	1999	Total
SAINT KITTS AND NEVIS	23,353	20,907	44,260	-	-	-	-
SAINT LUCIA	-	20,907	19,391	-	-	1,516	1,516
SAINT VINCENT AND GRENADINES	217,759	20,907	238,666	-	-	-	-
SAMOA	-	20,907	20,907	-	-	-	-
SAN MARINO	-	41,814	41,814	-	-	-	-
SAO TOME AND PRINCIPE	407,229	20,907	9,000	398,229	10,516	10,391	419,136
SAUDI ARABIA	-	12,159,091	12,159,091	-	-	-	-
SENEGAL	-	125,444	125,444	-	-	-	-
SEYCHELLES	282,546	41,814	256,576	25,970	21,032	20,782	67,784
SIERRA LEONE	188,936	20,907	209,843	-	-	-	-
SINGAPORE	-	3,585,018	3,585,018	-	-	-	-
SLOVAKIA	-	962,608	962,608	-	-	-	-
SLOVENIA	-	1,264,821	1,264,821	-	-	-	-
SOLOMON ISLANDS	177,835	20,907	198,742	-	-	-	-
SOMALIA	803,816	20,907	9,000	794,816	10,516	10,391	815,723
SOUTH AFRICA	-	7,641,511	7,641,511	-	-	-	-
SPAIN	-	53,939,390	53,939,390	-	-	-	-
SRI LANKA	-	261,402	261,402	-	-	-	-
SUDAN	107,813	167,384	111,564	-	90,896	72,737	163,633
SURINAME	106,508	83,628	148,583	-	-	41,553	41,553
SWAZILAND	46,427	41,814	67,459	-	-	20,782	20,782
SWEDEN	-	22,821,125	22,821,125	-	-	-	-
SYRIAN ARAB REPUBLIC	-	1,317,027	1,317,027	-	-	-	-
TAJIKISTAN	1,931,815	136,085	662,595	1,269,221	84,131	51,953	1,405,305
THAILAND	-	3,396,852	3,396,852	-	-	-	-
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	-	94,145	94,145	-	-	-	-
TOGO	232,968	31,423	261,421	-	-	2,970	2,970
TRINIDAD AND TOBAGO	238,649	365,938	604,587	-	-	-	-
TUNISIA	-	585,401	585,401	-	-	-	-
TURKEY	-	9,240,215	9,240,215	-	-	-	-
TURKMENISTAN	18	240,871	240,889	-	-	-	-
UGANDA	36,512	83,628	120,140	-	-	-	-
UKRAINE	17,661,894	10,268,086	27,929,980	-	-	-	-
UNITED ARAB EMIRATES	-	3,710,961	3,710,961	-	-	-	-

SCHEDULE 5.3
(concluded)

UNITED NATIONS GENERAL FUND

Assessed contributions unpaid as at 31 December 1999

(United States dollars)

Member states	Assessed Contributions Unpaid as at 1 January 1998	Net Assessed Contributions 1998 and 1999	Collections During 1998 and 1999	Assessed contributions unpaid as at 31 December 1999			
				Prior years	1998	1999	Total
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND	-	106,270,306	106,270,306	-	-	-	-
UNITED REPUBLIC OF TANZANIA	105,604	73,237	157,669	-	-	21,172	21,172
UNITED STATES OF AMERICA	373,239,953	602,122,811	807,466,153	-	-	167,896,612	167,896,612
URUGUAY	426,032	1,014,060	941,329	-	-	498,763	498,763
UZBEKISTAN	2,140,918	1,194,216	2,950,689	-	-	384,445	384,445
VANUATU	215,278	20,907	136,185	79,093	10,516	10,391	100,000
VENEZUELA	600,000	4,300,124	704,288	-	2,367,036	1,828,800	4,195,836
VIET NAM	-	177,900	177,900	-	-	-	-
YEMEN	224,391	209,072	273,001	-	56,553	103,909	160,462
YUGOSLAVIA	10,642,874	984,267	630,976	10,011,898	630,976	353,291	10,996,165
ZAMBIA	-	52,331	52,331	-	-	-	-
ZIMBABWE	-	188,165	94,647	-	-	93,518	93,518
TOTAL	473,464,162	2,170,202,195	2,399,431,932	23,830,556	15,404,462	204,999,407	244,234,425

a/ The net assessments on Member States for 1998 and 1999 as per ST/ADM/SER.B/519 and ST/ADM/SER.B/534 (Assessment of Member States' Contributions to the United Nations Regular Budget for 1998 and 1999) are as follows

	1998	1999	Total
Gross assessed contributions	1,190,909,022	1,217,582,219	2,408,491,241
Less: Credit from staff assessment	104,440,735	133,848,311	238,289,046
Net contributions	1,086,468,287	1,083,733,908	2,170,202,195

b/ The amount of $4,000.00 paid by Paraguay in 1997 which was included in the collections during 1997 has been applied against advances due the Working Capital Fund for the biennium 1998-1999

Statement VI

UNITED NATIONS WORKING CAPITAL FUND a/

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	1999	1997
Income		
Assessed contributions	-	10
TOTAL INCOME	-	10
Expenditure		
TOTAL EXPENDITURE b/	-	-
Excess of income over expenditure	-	10
Other adjustments to reserves and fund balances	(10)	(60)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(10)	(50)
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	100,010	100,060
RESERVES AND FUND BALANCES, END OF PERIOD	100,000	100,010

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999

	1999	1997
Assets		
Assessed contributions receivable from member states	-	10
Due from United Nations General Fund	78,289	71,703
Due from Tax Equalization Fund	21,711	28,297
TOTAL ASSETS	100,000	100,010
Liabilities		
TOTAL LIABILITIES	-	-
Reserves and fund balances		
Working capital funds	100,000	100,010
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	100,000	100,010

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a See note 6

b Effective 1 January 1998, expenditures previously recorded under the Working Capital Fund are recorded in regular budget accounts or in the case of security measures, in the Jointly Financed Activities Fund

The accompanying notes are an integral part of the financial statements

Statement VII

UNITED NATIONS SPECIAL ACCOUNT a/

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	1999	1997
Income		
Interest/Investment income	8,097	5,970
Other/Miscellaneous income	74 b/	84
TOTAL INCOME	8,171	6,054
Expenditure		
TOTAL EXPENDITURE	-	-
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	8,171	6,054
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	160,828	154,774
RESERVES AND FUND BALANCES, END OF PERIOD	168,999	160,828

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999

		1999	1997
Assets			
Cash and term deposits		88,000	23,000
Short term Investments		29,970 c/	
Due from United Nations General Fund		46,688	134,500
Due from the Special Account of the United Nations Emergency Force (1956)		1,932	1,932
Due from the Ad Hoc Account for the United Nations Operation in the Congo		1,396	1,396
Other accounts receivable		1,013	-
TOTAL ASSETS		168,999	160,828
Liabilities		-	-
Reserves and fund balances			
Fund principal from contributions	(Schedule 7.1)	48,728	48,728
Cumulative surplus d/		120,271	112,100
TOTAL RESERVES AND FUND BALANCES		168,999	160,828
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		168,999	160,828

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a/ See note 7.

b/ Represents public donations of $73,622.

c/ Market value of short term investment as at 31 December 1999 is $31,156,189.78.

d/ Net of $3,911,000 appropriated for the United Nations Emergency Force, pursuant to General Assembly resolution 2115 (XX) II.

The accompanying notes are an integral part of the financial statements.

Schedule 7.1

UNITED NATIONS SPECIAL ACCOUNT

Voluntary contributions as at 31 December 1999 a/

(Thousands of United States dollar)

	1999	1997
Bulgaria	150	150
Canada	3,872	3,872
China	5,000	5,000
Denmark	988	988
Egypt	50	50
Finland	508	508
Ghana	20	20
Greece	50	50
Iceland	80	80
Italy	1,500	1,500
Jamaica	10	10
Japan	12,500 b/	12,500
Kuwait	250	250
Liberia	8	8
Mali	5	5
Malta	9	9
Nigeria	20	20
Norway	678	678
Saudi Arabia	250	250
Sweden	2,000	2,000
Togo	14	14
Tunisia	5	5
Uganda	19	19
Union of Soviet Socialist Republics	10,000	10,000
United Arab Emirates	1,000	1,000
United Kingdom of Great Britain and Northern Ireland	9,528	9,528
Yugoslavia	100	100
Zaire	100	100
Zambia	14	14
Fund principal from contributions	48,728	48,728

a. Amounts received pursuant to General Assembly resolutions 2053 A (XX) and 3049 A (XXVII) and in response to the appeal of the Secretary-General in 1986 (see A/40/1102, para. 19). The contributions shown were received pursuant to General Assembly resolution 2053A (XX) except those from China, Saudi Arabia and the United Arab Emirates, which were contributed under resolutions 2053 A (XX) and 3049 A (XXVII). Bulgaria, Togo and the Union of Soviet Socialist Republics contributed in response to the 1986 appeal of the Secretary-General.

b. Includes $10.0 million which was received pursuant to General Assembly resolution 3049 A (XXVII) with the expectation of inducing other Member States to make voluntary contributions.

Statement VIII

UNITED NATIONS JOINTLY FINANCED ACTIVITIES [a] [b]

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	1999
Income	
Contributions from participating agencies	73,018
Expenditure	
Staff and other personnel costs	56,105
Travel	2,041
Contractual services	9,940
Operating expenses	3,270
Acquisitions	1,654
TOTAL EXPENDITURE	73,010
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	8
Savings on, or cancellation of, prior periods' obligations	3
RESERVES AND FUND BALANCES, END OF PERIOD	11

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999

	1999
Assets	
Other accounts receivable	6,748
Deferred charges [c]	1,774
TOTAL ASSETS	8,522
Liabilities	
Unliquidated obligations	1,472
Due to United Nations General Fund	5,279
Other accounts payable	13
Deferred Income [c]	1,747
TOTAL LIABILITIES	8,511
Reserves and fund balances	
Cumulative surplus	11
TOTAL RESERVES AND FUND BALANCES	11
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	8,522

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[a] See note (8)

[b] Reporting on the United Nations Jointly Financed Activities in a separate financial statement commenced this biennium. Comparative figures for 1997 are therefore not reflected above. See Schedule 5.2

[c] The United Nations Office in Vienna bills the agencies for actual amount disbursed for jointly financed activities in Vienna. An amount of $1,747,087 will be billed to the agencies in 2000 for services rendered in 1999

The accompanying notes are an integral part of the financial statements

Schedule 8.1

UNITED NATIONS JOINTLY FINANCED ACTIVITIES
International Civil Service Commission
Statement of income and expenditure for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

	1999
Income	
Contributions from participating agencies	10,408
Expenditure	
Staff and other personnel costs	8,129
Travel	950
Contractual services	21
Operating expenses	1,167
Acquisitions	141
TOTAL EXPENDITURE	10,408
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	0

Schedule 8.2

UNITED NATIONS JOINTLY FINANCED ACTIVITIES
Joint Inspection Unit
Statement of income and expenditure for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	1999
Income	
Contributions from participating agencies	7,777
Expenditure	
Staff and other personnel costs	7,193
Travel	396
Contractual services	1
Operating expenses	86
Acquisitions	101
TOTAL EXPENDITURE	7,777
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	0

Statement IX

TECHNICAL COOPERATION ACTIVITIES a/

Statement of income and expenditure and changes in reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

	United Nations	ECA	ESCAP	ECE	ECLAC	ESCWA	UNCTAD	UNCHS	Total 1999	Total 1997
Income										
Voluntary contributions	39,185	2,884	18,570	3,702	13,535	299	24,197	4,453	106,825	143,931
Funds received under inter-agency arrangements	69,172	4,633	4,492	1,806	2,446	2,878	17,509	112,389	215,325	196,730
Allocations from other funds	16,539	8,080	3,830	2,805	5,032	3,448	1,683	865	42,282	36,939
Interest income	3,030	228	935	230	516	20	2,543	18	7,520	7,536
Other miscellaneous income	2,106	-	-	1		-	151	-	2,258	1,683
TOTAL INCOME	130,032	15,825	27,827	8,544	21,529	6,645	46,083	117,725	374,210	386,819
Expenditure										
Staff and other personnel costs	78,901	11,685	13,081	4,626	14,412	5,158	25,352	25,374	178,589	200,147
Travel	3,329	1,586	1,745	1,174	1,068	448	6,277	16,779	32,406	18,313
Contractual services	10,760	436	3,182	339	387	272	1,443	57,822	74,641	34,858
Operating expenses	2,537	49	1,478	96	561	57	1,509	4,699	10,986	12,046
Acquisitions	18,337	226	236	80	169	13	2,556	259	21,876	40,072
Fellowships, grants and other	8,063	2,866	5,153	598	1,309	335	3,448	4,892	26,664	29,325
Total project costs	121,927	16,848	24,875	6,913	17,906	6,283	40,585	109,825	345,162	334,761
Programme support costs	9,376	600	2,361	397	1,435	162	4,401	5,843	24,575	29,342
TOTAL EXPENDITURE	131,303	17,448	27,236	7,310	19,341	6,445	44,986	115,668	369,737	364,103
Excess (shortfall) of income over expenditure	(1,271)	(1,623)	591	1,234	2,188	200	1,097	2,057	4,473	22,716
Prior period adjustments	7	-	-		-	-	(411)	(220)	(624)	(301)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(1,264)	(1,623)	591	1,234	2,188	200	686	1,837	3,849	22,415
Transfers (to) from other funds	(8,258) b/	-	-			-	(167)	-	(8,425)	(865)
Other adjustments to fund balances	(13)	381	-		-	-	(1,730)	-	(1,362)	(388)
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	48,685	5,523	1,480	1,610	4,839	88	19,741	570	82,536	61,374
RESERVES AND FUND BALANCES END OF PERIOD	39,150	4,281	2,071	2,844	7,027	288	18,530	2,407	76,598	82,536

Statement IX
(concluded)

TECHNICAL COOPERATION ACTIVITIES a/

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999
(Thousands of United States dollars)

	United Nations	ECA	ESCAP	ECE	ECLAC	ESCWA	UNCTAD	UNCHS	Total 1999	Total 1997
Assets										
Cash and term deposits	74,005	2,623	25,271	2,899	6,841	-	22,561	200	134,401 c/	90,543
Short-term Investments	6,995 d/								6,995	
Pledged contributions unpaid	-	2,633	-	-	383	-	-	42,993	46,009	24,489
Inter-fund balances receivable	25,988	5,857	569		546	341	-	8,807	42,108	31,189
Due to Special Accounts for Programme Support Costs							200		200	
Receivable from funding sources	27,158	2,857	-	652	-	1,102	4,475	5,262	41,506	32,908
Other accounts receivable	15,221	633	819	100	352	22	1,104	1,110	19,361	15,486
Deferred charges	6,252	-	37	-	-	-	54	-	6,343	10,681
Inter-office transactions in transit	-	-	-		-	-	-	-	-	1,185
Unspent allocations	182,174 e/	1,318	3,627	434	592	1,853	4,730	-	194,728	105,846
Other assets	4,336	-				-	-	-	4,336	17,923
TOTAL ASSETS	342,129	15,921	30,324	4,085	8,714	3,318	33,124	58,372	495,987	330,250
Liabilities										
Contributions and Payments received in advance	49,463	5,107	11,332		-	-	989	-	66,891	24,171
Inter-fund balances payable	13,882	2,684	1,037	511	57	530	3,492	-	22,193	2,061
Due to Special Accounts for Programme Support Costs		660	-	25	-	-	-	7,879	8,564	4,259
Other accounts payable	23,406	695	10,453	3	206	444	924	4,104	40,235	41,034
Unliquidated obligations - current year	25,937	1,176	1,804	268	832	203	4,459	43,718	78,397	62,275
Unliquidated obligations - future years	5,450	-			-	-	-	-	5,450	5,366
Deferred income	182,174	1,318	3,627	434	592	1,853	4,730	-	194,728	105,846
Inter-office transactions in transit	2,137	-			-	-	-	-	2,137	-
Other liabilities	530	-			-	-	-	264	794	2,702
TOTAL LIABILITIES	302,979	11,640	28,253	1,241	1,687	3,030	14,594	55,965	419,389	247,714
Reserves and fund balances										
Operating reserves	-	-	-	207	-	-	-	-	207	158
Extrabudgetary funds relating to projects funded by donors	39,150	4,281	2,071	2,637	7,027	288	18,530	2,407	76,391	82,378
TOTAL RESERVES AND FUND BALANCES	39,150	4,281	2,071	2,844	7,027	288	18,530	2,407	76,598	82,536
TOTAL LIABILITIES AND RESERVES AND FUND BALANCES	342,129	15,921	30,324	4,085	8,714	3,318	33,124	58,372	495,987	330,250

a/ See notes 1 (m) and 8

b/ Represents transfer of $7,014,658 to the Trust Fund for Disaster Relief (fund DMA) and $16,396 to the Trust Fund for the Strengthening of the Office of the Emergency Relief Coordinator (fund DDA) and $1,226,574 transferred from UNDP/HQ

c/ Includes $187,727 of non-convertible currencies

d/ The market value of short-term investments as at 31 December 1999 is $7,011,347.07

e/ Comprises unspent allocations from UNDP and UNFPA, plus unspent allocations in respect of UNDP and UNFPA administered trust funds

Schedule 9.1

TECHNICAL COOPERATION ACTIVITIES

Schedule of income and expenditure and changes in reserves and fund balance by source of funding for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	Reserves and Fund Balances 1 Jan. 1998	Income and Adjustments	Project Expenditure	Programme Support costs	Total Expenditure	Reserves and Fund Balances 31 Dec. 1999
United Nations						
Regular budget	-	16,539	16,539	-	16,539	-
Trust funds	48,685	61,893	64,539	6,889	71,428	39,150
UNFPA	-	3,886	3,649	237	3,886	-
UNDP	-	39,450	37,199	2,251	39,450	-
Total	48,685	121,768	121,926	9,377	131,303	39,150
Economic Commission for Africa (ECA)						
Regular budget	-	8,080	8,080	-	8,080	-
Trust funds	5,523	3,493	4,210	525	4,735	4,281
UNFPA	-	3,812	3,812	-	3,812	-
UNDP	-	821	746	75	821	-
Total	5,523	16,206	16,848	600	17,448	4,281
Economic Commission for Asia and the Pacific (ESCAP)						
Regular budget	-	3,830	3,830	-	3,830	-
Trust funds	1,480	19,687	16,899	2,197	19,096	2,071
UNFPA	-	3,627	3,493	134	3,627	-
UNDP	-	683	653	30	683	-
Total	1,480	27,827	24,875	2,361	27,236	2,071

Schedule 9.1
(continued)

TECHNICAL COOPERATION ACTIVITIES

Schedule of income and expenditure and changes in reserves and fund balances by source of funding
for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

	Reserves and Fund Balances 1 Jan. 1998	Income and Adjustments	Project Expenditure	Programme Support costs	Total Expenditure	Reserves and Fund Balances 31 Dec. 1999
Economic Commission for Europe (ECE)						
Regular budget	-	2,805	2,805	-	2,805	-
Trust funds	1,610	4,074	2,513	327	2,840	2,844
UNFPA	-	1,440	1,376	64	1,440	-
UNDP	-	225	219	6	225	-
Total	1,610	8,544	6,913	397	7,310	2,844
Economic and Social Commission for Latin America (ECLAC)						
Regular budget	-	5,032	5,032	-	5,032	-
Trust funds	4,839	14,052	10,499	1,365	11,864	7,027
UNFPA	-	1,241	1,174	67	1,241	-
UNDP	-	1,204	1,200	4	1,204	-
Total	4,839	21,529	17,905	1,436	19,341	7,027
Economic Commission for Western Asia (ESCWA)						
Regular budget	-	3,448	3,448	-	3,448	-
Trust funds	88	355	146	9	155	288
UNFPA	-	1,090	1,090	-	1,090	-
UNDP	-	1,752	1,599	153	1,752	-
Total	88	6,645	6,283	162	6,445	288

Schedule 9.1
(concluded)

TECHNICAL COOPERATION ACTIVITIES

Schedule of income and expenditure and changes in reserves and fund balances by source of funding
for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

	Reserves and Fund Balances 1 Jan 1998	Income and Adjustments	Project Expenditure	Programme Support costs	Total Expenditure	Reserves and Fund Balances 31 Dec. 1999
United Nations Conference on Trade and Development (UNCTAD)						
Regular budget	-	1,683	1,683	-	1,683	-
Trust funds	19,741	34,695	32,074	3,832	35,906	18,530
UNFPA	-	-	-	-	-	-
UNDP	-	7,397	6,828	569	7,397	-
Total	19,741	43,775	40,585	4,401	44,986	18,530
United Nations Centre for Human Settlements (HABITAT)						
Regular budget	-	865	865	-	865	-
Trust funds	570	83,504	78,777	2,890	81,667	2,407
UNFPA	-	-	-	-	-	-
UNDP	-	33,136	30,183	2,953	33,136	-
Total	570	117,505	109,825	5,843	115,668	2,407
Total						
Regular budget	-	42,282	42,282	-	42,282	-
Trust funds	82,536	221,753	209,657	18,034	227,691	76,598
UNFPA	-	15,096	14,594	502	15,096	-
UNDP	-	84,668	78,627	6,041	84,668	-
Grand Total	82,536	363,799	345,160	24,577	369,737	76,598

Schedule 9.2

TECHNICAL CO-OPERATION ACTIVITIES FINANCED BY THE UNITED NATIONS REGULAR BUDGET a/

Schedule of expenditure for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	United Nations	ECA	ESCAP	ECE	ECLAC	ESCWA	UNCTAD	UNCHS	Total 1999	Total 1997
Regional projects										
Africa	-	8,080	-	-	-	-	-	-	8,080	7,384
Arab States		-	-	-	-	3,448	-	-	3,448	2,654
Asia and the Pacific		-	3,830	-		-	-	-	3,830	4,369
Europe				2,805			1,683		4,488	2,575
Latin America	-	-	-	-	5,032	-	-	-	5,032	4,101
Subtotal	-	8,080	3,830	2,805	5,032	3,448	1,683	-	24,878	21,083
Interregional projects	16,539	-		-		-	-	-	16,539	15,005
Global projects		-		-		-	-	865	865	851
Total	16,539	8,080	3,830	2,805	5,032	3,448	1,683	865	42,282	36,939

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a/ Comprises Section 21, Regular Programme of Technical Co-operation. These expenditures are also shown as part of Regular Budget expenditure in Statement IV and Schedule 4.1

UNITED NATIONS GENERAL TRUST FUNDS a/

Statement of income and expenditure and changes in reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

	Emergency Assistance	Political and Security Council Affairs	Political affairs trusteeship and decolonization	Economic and social activities	Humanitarian activities	International justice and law	Public information	Common Support service and miscellaneous	United Nation Fund for International Partnership (UNFIP) b/	Total 1999	Total 1997
Income											
Voluntary contributions	34,808	27,569	20,161	32,987	163,443	1,427	1,064	48,466	80,592	410,517	315,200
Funds received under inter-organization arrangements	-	440		951	2,510	3	120	-	-	4,024	2,992
Allocations from other funds	-	-				-	-	-	-	-	17,186
Income for services rendered		-	-	4,310			-	-	-	4,310	5,926
Interest income	5,972	1,997	1,292	4,121	17,164	1,024	905	9,328	348	42,151	42,655
Other/miscellaneous income	6,251	656	1,433	1,342	20,476	236	3,571	681	-	34,646	24,981
TOTAL INCOME	47,031	30,662	22,886	43,711	203,593	2,690	5,660	58,475	80,940	495,648	408,940
Expenditure											
Staff and other personnel costs	28,532	6,004	2,301	19,947	62,225	988	2,187	4,063		126,247	129,752
Travel	5,861	1,469	267	3,959	7,285	799	256	2,567	-	22,463	18,934
Contractual services	1,106	66	1,329	2,570	5,196	225	891	5,847	-	17,230	17,367
Operating Expenses	10,999	6,800	408	1,581	16,342	2,101	800	4,747	-	43,778	66,587
Acquisitions	5,947	967	836	320	9,012	76	37	1,280	-	18,475	19,226
Fellowships, grants, others	2,019	188	35	9,369	49,887	402	32	16,180	73,254 c/	151,366	81,031
Total Direct Expenditure	54,464	15,494	5,176	37,746	149,947	4,591	4,203	34,684	73,254	379,559	332,897
Programme support costs	354	1,309	660	3,251	12,786	549	510	1,390	67 d/	20,876	23,325
TOTAL EXPENDITURE	54,818	16,803	5,836	40,997	162,733	5,140	4,713	36,074	73,321	400,435	356,222
Excess (shortfall) of income over expenditure	(7,787)	13,859	17,050	2,714	40,860	(2,450)	947	22,401	7,619	95,213	52,718
Prior period adjustments	1,452 e/	1,093 f/	(137) g/	(504) h/	(1,618) i/	180 j/	(83) k/	(661) l/	-	(278)	(9,856)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(6,335)	14,952	16,913	2,210	39,242	(2,270)	864	21,740	7,619	94,935	42,862
Transfers(to) from other organizations	(10,250)	-	-	-	(147)	-	-	-	-	(10,397) m/	
Transfers(to) from other funds	533	(641)	(100)	(3,126)	7,371	-	191	(10,191)	-	(5,963) n/	(3,164)
Refunds to donors	(43)	(2,176)	(1,491)	(121)	(2,527)	-	(1)	(590)	-	(6,949)	(8,989)
Other adjustments to reserves and fund balances	-	-	-	-	-	-	-	-	-	-	(450)
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	52,621	12,831	11,922	35,483	131,136	8,581	6,415	67,445	-	326,434	296,175
RESERVES AND FUND BALANCES, END OF PERIOD	36,526	24,966	27,244	34,446	175,075	6,311	7,469	78,404	7,619	398,060	326,434

Statement X (continued)

UNITED NATIONS GENERAL TRUST FUNDS a/

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999
(Thousands of United States dollars)

	Emergency Assistance	Political and Security Council Affairs	Political affairs trusteeship and decolonization	Economic and social activities	Humanitarian activities	International justice and law	Public information	Common Support service and miscellaneous	United Nation Fund for International Partnership (UNFIP) b/	Total 1999	Total 1997
Assets											
Cash and term deposits	24,604	6,998	5,341	13,025	90,226	1,717	2,251	22,075	9,429	175,666	363,452
Investments	11,821	19,416	17,224	22,477	61,257	4,827	6,069	68,976	-	212,067 c/	2,426
Voluntary contributions receivable	-	41	187	883	7,545	13	5	113	-	8,787	13,489
Inter-fund balances receivable	80	60	782	138	39	54	0	70	-	1,223	3,589
Due from Special Account for Activities Approved under SCRs 687 and 706 (1991)	-	-	-	-	-	-	-	-	-	-	2,500
Other accounts receivable	1,348	513	270	1,433	3,969	236	312	3,021	1	11,103	12,440
Other assets	15	4		1,309	16	0	-	36	-	1,380	2,191
Inter-office transactions pending processing	739	-	-	1,153		-	-	-	-	1,892	1,644
Operating funds provided to executing agencies	1,417	-	4,944	214	41,012	-	-	1,374	49,476 p/	98,437	33,944
TOTAL ASSETS	40,024	27,032	28,748	40,632	204,064	6,847	8,637	95,665	58,906	510,555	435,675
Liabilities											
Contributions or payments received in advance	-	-	400	1,492	121	2	784	1,204	-	4,003	3,978
Unliquidated obligations	2,294	1,015	908	3,086	23,450	475	149	2,498	49,470	83,345	49,829
Inter-fund balances payable	64	284	0	587	3,997	0	13	2,432	1,817	9,194	39,759
Other accounts payable	1,113	767	196	305	1,421	59	222	11,127	0	15,210	15,675
Inter-office transactions pending processing	27	-	-	716	-		-	-	-	743	-
Other Liabilities	0	-	-	-	-	-	-	-		-	-
TOTAL LIABILITIES	3,498	2,066	1,504	6,186	28,989	536	1,168	17,261	51,287	112,495	109,241
Reserves and fund balances											
Operating reserves	2,053	100	-	347	2,557	7	-	-	-	5,064	4,100
Reserves for allocations	5,020	-	5,468	296	31,935	-	-	1,744	-	44,463	37,554
Fund principal from contributions	-	-	-		2,000	-	1,000	1,050	-	4,050	4,050
Cumulative surplus (deficit)	29,453	24,866	21,776	33,803	138,583	6,304	6,469	75,610	7,619	344,483	280,730
TOTAL RESERVES AND FUND BALANCES	36,526	24,966	27,244	34,446	175,075	6,311	7,469	78,404	7,619	398,060	326,434
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	40,024	27,032	28,748	40,632	204,064	6,847	8,637	95,665	58,906	510,555	435,675

UNITED NATIONS GENERAL TRUST FUNDS a/

Statement of assets, liabilities,reserves and fund balances as at 31 December 1999

(United States dollars)

a/ See notes 2 (n) and 10

b/ See note 10 (d)

c/ Represents Programme Support Cost on projects carried out by the Secretariat Funds for Programme Support Cost intended to cover the operational cost of UNFIP administrative office are provided and accounted for in the Special Account for Programme Support Costs of UNFIP (see statement XVII)

d/ The funds are provided and accounted for in the Special Account for Programme Support Costs of the United Nations Fund for International Partnership (see statement XVII)

e/ Consists primarily of cancellations of 1997 pledges from the Government of the Netherlands to the Trust Fund for the United Nations Guard Contingent (BTA) in the amount of $500 000 and the Government of Belgium to the Trust Fund for the Restoration of Essential Services in Sarajevo (SJA) in the amount of $1 000 000 and adjustment in prior period expenditure in the Emergency Trust Fund for Humanitarian Assistance for Iraq, Kuwait, and Iraq-Turkey and Iraq-Iran Border Areas (BRA), the Trust Fund for the Restoration of Essential Services in Sarajevo (SJA) and the Trust Fund for the United Nations Guard Contingent (BTA)

f/ Representing various 1997 contributions previously recorded in the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law committed in the Territory of the former Yugoslavia since 1991 now being recorded in the Voluntary Trust Fund to Support Activities of the International Tribunal established by Security Council Resolution 827 (1993) (IOA) and prior period adjustments in expenditure in the Trust Fund for Implementation of the Cotonou Accord in Liberia (LIA), and the United Nations Regional Center for Peace and Disarmament in Africa (DAA)

g/ Consisting of adjustments in prior period expenditure in the United Nations Trust Fund for Electoral Observation (EOA) and the Trust Fund to Finance Third World Observers to the South African Election (FTA)

h/ Include cancellation of prior pledges from the Government of Germany in the Trust Fund for Aging (WAA) in the amount of $26 143 and from the Government of the Netherlands to the United Nations Voluntary Fund on Disability (IDA) recording of 1997 contribution from the Governments of Austria Belgium and Greece for the Trust Fund for the Financing of the Implementation of the Convention on Long-range Transboundary Air Pollution (LRA) and prior period adjustments in expenditure/income in the Trust Fund for International Co-operation for Development (DIA) United Nations Prevention and Criminal Justice Fund (UNICRI) (FSA) Trust Fund for the Implementation of the Beijing Declaration and Platform for Action (IWA), and the Trust Fund for Support of the Work of the Commission on Sustainable Development (WKA)

i/ Primarily consisting of a cancellation of a prior period pledge from the Government of Spain in the amount of $197 175 in the Voluntary Trust Fund for Assistance Mine Clearance (MNA), a recording of a 1997 contribution from the Government of the Netherlands in the amount of $100 000 the Voluntary Fund for Advisory Services and Technical Assistance in the Field of Human Rights (AHA), cancellation of a duplicated recording of contribution from the Government of Japan in the Trust Fund for Police Assistance Programme in Bosnia and Herzegovina (EZA), adjustment to prior period expenditure in the following trust funds Trust Fund for the Strengthening of the Office of the Emergency Relief Coordinator (OCHA) (DDA) Voluntary Fund for Advisory Services and Technical Assistance in the Field of Human Rights (AHA), trust Fund for Disaster Relief (DMA) Trust Fund for the Enhancement of UNSMIH Capacity (MYA), Trust Fund for the Operations of ESCWA in Beirut (LYA), the Trust Fund for the Enhancement of UNTMIH Capacity (MWA) and the Trust Fund for Somalia-Unified Command (SXA)

j/ Consists primarily of an adjustment to 1996 expenditure in the Trust Fund for the International Tribunal for the prosecution of Persons Responsible for Genocide and other Serious Violations of International Humanitarian Law committed in the Territory of Rwanda (GNA) correctly belonging to the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and other Serious Violations of International Humanitarian Law committed in the Territory of Rwanda (HWA)

k/ Consists primarily of an adjustment in prior period expenditure in the Trust Fund for Public Awareness in Disarmament Issues (PIA)

l/ Representing a cancellation of a prior period pledge from the Government of Norway in the amount of $750 000 to the Trust Fund in Support of UNSCO (United Nations Coordinator in the Occupied Territories) (GGA) and prior period adjustment to programme support costs in the Trust Fund for the Fiftieth Anniversary Celebrations (LAA) and the Trust Fund for Assistance to the Special Representative of the UN Secretary-General for Burundi in support of Peace-keeping (YNA)

m/ Representing 1998-1999 total transfers of $9 791 000 made to various agencies from the contributions from the Gover5nment of Japan to the Afghanistan Emergency Trust Fund (ANA) in accordance with the donor's request as reported by UNOG, $459 376 from the Afghanistan Emergency Trust Fund (ANA) to UNDP/UNOPS, and $147 000 from the Trust Fund for Disaster Relief (DMA) to UNICEF

n/ Represents net transfers from the Trust Fund for UNDRO Technical Co-operation Activities (Geneva) (DTA) of $7 014 658 to the Trust Fund for Disaster Relief (DMA) and $16 396 to the Trust Fund for the strengthening of the Office of the Emergency Relief Coordinator (OCHA) (DDA) a transfer of $1 582 658 from the Trust Fund for Supporting the Negotiating Process on the International Convention to Combat Desertification (NPA) to the United Nations Convention to Combat Desertification (UNCCD), a transfer of $1 297 444 from the Special Voluntary Fund for Supporting Developing Countries affected by Desertification and Drought to participate in the Negotiation Process on the International Convention to Combat Desertification (NQA) to UNCCD, and transfers totalling $10 110 000 from the Trust Fund in Support of UN Peace-keeping Activities (PKA) to the Trust Fund for the Settlement of the Question of East Timor (TYA)

o/ The market value of these investments as at 31 December 1999 is $215 273 667

p/ See Schedule 10.1.1

The accompanying notes are an integral part of the financial statements

Schedule 10.1

UNITED NATIONS GENERAL TRUST FUNDS

Schedule of income, expenditure, reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	Reserves and fund balances beginning of period	Income	Expenditure a/	Reserves and fund balances end of period
EMERGENCY ASSISTANCE				
African Emergency Trust Fund	1,708	461	704	1,465
Trust Fund for Assistance to Lebanon	16	-	16	
Special Account for Assistance to Mozambique	713	-	713	-
Kampuchea Emergency Trust Fund	4,466	384	1,819	3,031
Afghanistan Emergency Trust Fund	33,401	38,174	51,618	19,957
Emergency Trust Fund for Humanitarian Assistance for Iraq, Kuwait and the Iraq-Turkey and Iraq-Iran Border Areas	1,051	684	715	1,020
Trust Fund for the United Nations Guard Contingent	3,906	5,273	5,964	3,215
Trust Fund for Iraq-Kuwait Border Issues	784	94	-	878
Trust Fund for the Restoration of Essential Services in Sarajevo	6,576	1,961	1,577	6,960
Subtotal	52,621	47,031	63,126	36,526
POLITICAL AND SECURITY COUNCIL AFFAIRS				
United Nations Disarmament Information Programme	462	181	156	487
Trust Fund for the United Nations Centre for Disarmament	40	5	1	44
United Nations Institute for Disarmament Research	290	2,543	1,992	841
Trust Fund for the United Nations Programme on Space Applications	495	511	277	729
Trust Fund for the Promotion of Peace	95	8	103	
United Nations Regional Centre for Peace and Disarmament in Africa	144	110	203	51
Trust Fund for the UN Regional Centre for Peace, Disarmament and Development in Latin America	47	187	101	133
Trust Fund for Global and Regional Disarmament Activities	259	302	279	282
Trust Fund for the United Nations Regional Centre for Peace and Disarmament in Asia	351	104	134	321
Special Account for the Preparatory Commission for International Sea Bed Authority and International Tribunal for the Law of the Sea for Pioneer Investors' Application Fees	2,134	33	2,167	-
Trust Fund for Implementation of the Cotonou Accord on Liberia	3,328	468	645	3,151
Voluntary Fund to Support the Activities of the International Tribunal Established by Security Council Resolution 827 (1993)	3,911	19,535	6,252	17,194

Schedule 10.1
(Continued)

UNITED NATIONS GENERAL TRUST FUNDS

Schedule of income, expenditure, reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

	Reserves and fund balances beginning of period	Income	Expenditure a/	Reserves and fund balances end of period
POLITICAL AND SECURITY COUNCIL AFFAIRS (Cont'd)				
Trust Fund for the Administration of the Agreement Between United Nations and Jordan in Pursuance of Security Council Resolution 661 (1990)	110	4,609	4,571	148
Trust Fund to Support the Implementation of the Agreement on Temporary Cease-fire and the Cessation of Other Hostile Acts on the Tajik-Afghan Border and within the Country for the Duration of the Talks	16	2	-	18
Trust Fund for the Commission of Inquiry in Burundi	555	146	701	
Trust Fund of the United Nations Standing Advisory Committee on Security Questions in Central Africa	497	256	210	543
Trust Fund in Support of Special Mission and other Activities related to Preventive Diplomacy and Peacemaking	97	1,662	735	1,024
Subtotal	12,831	30,662	18,527	24,966
POLITICAL AFFAIRS, TRUSTEESHIP AND DECOLONIZATION				
Trust Fund for Publicity Against Apartheid	191	25	(1)	217
United Nations Nationhood Programme for Namibia	150	6	8	148
Trust Fund for Special Projects of the Special Committee Against Apartheid	21	3		24
Trust Fund for the Repatriation of Cambodian Refugees and Displaced Persons	119	0		119
United Nations Trust Fund for Electoral Observation	2,997	1,060	1,346	2,711
Trust Fund for Haiti	695	83	9	769
Trust Fund for the Implementation of the Peace Process in Mozambique	10	1	11	
Trust Fund to Finance Third World Observers to the South African Elections	168	21	(21)	210
Trust Fund for Electoral Assistance to Haiti	581	54	635	
Trust Fund for the Guatemala Peace Process	5,792	6,140	4,878	7,054
Trust Fund for Negotiations to Find a Comprehensive Settlement of the Georgian/Abkhaz Conflict	784	97	144	737
Trust Fund for the Mission of the United Nations in El Salvador(MI	414	53	437	30
Trust Fund in Support of the Delimitation and Demarcation of the Ethiopia/Eritrea Border	-	971	18	953
United Nations Trust Fund to Support Peace-Building Support Office in Guinea-Bissau	0	239	100	139
Trust Fund to Support the Multi-National Force Deployed in East Timor	0	5,366	-	5,366
Trust Fund for the United Nations Transnational Authority in East Timor	0	8,767	-	8,767
Subtotal	11,922	22,886	7,564	27,244
ECONOMIC AND SOCIAL ACTIVITIES				
Trust Fund for Development Planning and Projections	647	—	283	441
United Nations Research Institute for Social Development	1,041	5,264	4,745	1,560
Trust Fund for Aging	94	196	124	166
United Nations Population Fund - United Nations Work Programme	-	4,310	4,310	-
United Nations Youth Fund	162	60	114	108

Schedule 10.1
(Continued)

UNITED NATIONS GENERAL TRUST FUNDS

Schedule of income, expenditure, reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

	Reserves and fund balances Beginning of period	Income	Expenditure a/	Reserves and fund balances end of period
ECONOMIC AND SOCIAL ACTIVITIES (Cont'd)				
Trust Fund for the Financing of the Implementation of the Convention on Long Range Transboundary Air Pollution	982	4,746	4,271	1,457
Trust Fund for the Programme on Interrelationships between Resources, Environment, People and Development	3	-	3	-
Trust Fund for the ECE Study on Long-term European Timber Trends and Prospects	30	71	36	65
Trust Fund for Economic and Social Commission for Western Asia Regional Activities	117	1,347	40	1,424
United Nations Crime Prevention and Criminal Justice Fund	8,654	9,771	7,895	10,530
Trust Fund for the International Campaign Against Drug Abuse and Illicit Trafficking	653	78	-	731
United Nations Voluntary Fund on Disability	3,057	1,084	2,027	2,114
Trust Fund for the International Comparison Project	15	2	-	17
International Research and Training Institute for the Advancement of Women	1,999	1,557	2,436	1,120
Trust Fund for the Promotion of a United Nations International Programme for Aging	15	2	-	17
UN/ECE Trust Fund on Human Settlements	433	112	109	436
Programme on Mobilization of Personal Savings in Developing Countries	161	19		180
Trust Fund for the Ad Hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting	11	1	3	9
Trust Fund for Research in Regional Co-operation in Asia and in New and Renewable Energy Resources	279	33	-	312
World Food Council Trust Fund	0	0	0	0
Trust Fund for the Macrothesaurus Management Project	10	1		11
Trust Fund for International Co-operation for Development	1,323	1,990	891	2,422
Trust Fund for the Implementation of the Beijing Declaration and Platform for Action	1,609	1,481	920	2,170
Trust Fund for the Monitoring, Review and Appraisal of the Implementation of the Nairobi Forward Looking Strategies	110	8	118	-
Trust Fund for Case Studies on the Functioning of the Operational Activities for Development of the UN system	295	377	292	380
Policy Analysis on Transnational Corporations	102	12	-	114
Trust Fund for the Symposia on the Consequences of Rapid Population Growth and on Human Rights and Population	16	2	-	18

Schedule 10.1
(Continued)

UNITED NATIONS GENERAL TRUST FUNDS

Schedule of income, expenditure, reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

	Reserves and fund balances beginning of period	Income	Expenditure a/	Reserves and fund balances end of period
ECONOMIC AND SOCIAL ACTIVITIES (Cont'd)				
Trust Fund for United Nations Electronic Data Interchange for Administration, Commerce and Transport	4	69	(29)	102
Trust Fund for the ECE Project Energy Efficiency 2000	142	134	204	72
United Nations Trust Fund on Family Activities	521	76	112	485
Trust Fund for Chernobyl	115	0	115	
Trust Fund for the 1994 International Conference on Population and Development	118	14	-	132
Voluntary Fund for Supporting Developing Countries Participating in the 1994 International Conference on Population and Development	243	28	19	252
Trust Fund for International Economic and Social Research	360	306	180	486
Trust Fund for Assistance to Countries in Transition	549	1,342	716	1,175
Trust Fund for Supporting the Negotiating Process on the International Convention to Combat Desertification	2,880	4,006	6,742	144
Special Voluntary Fund for Supporting Developing Countries Affected by Desertification and Drought to Participate in the Negotiating Process on the International Convention to Combat Desertification	1,208	686	1,858	36
Trust Fund for World Summit for Social Development	629	842	602	869
Trust Fund for ECE Regional Preparatory Meeting for the Fourth World Conference on Women	26	47	31	42
Trust Fund for Environmental Performance Reviews and the "Environment for Europe"	282	284	366	200
Trust Fund for the Global Conference on the Sustainable Development of Small Island Developing States	28	3	-	31
Trust Fund for Supporting ECE Regional Conferences and Meetings, including Preparatory Meetings for Global Conferences	19	2	(1)	22
Trust Fund for Support of the Work of the Commission on Sustainable Development	4,298	2,843	3,222	3,919
Trust Fund for the Support of the Activities Relating to the Implementation of the United Nations New Agenda for the Development of Africa (UN-NADAF)	62	53	43	72
Trust Fund for Participation of Least Developed Countries in Intergovernmental Meetings	102	12	1	113
Trust Fund for Economic Revitalization and Restoration of Essential Services in Eastern Slovenia	2,079	363	1,950	492
Subtotal	35,483	43,711	44,748	34,446

Schedule 10.1
(Continued)

UNITED NATIONS GENERAL TRUST FUNDS

Schedule of income, expenditure, reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	Reserves and fund balances beginning of period	Income	Expenditure a/	Reserves and fund balances end of period
HUMANITARIAN ACTIVITIES				
Trust fund for the Strengthening of the Office of the Emergency Relief Coordinator	9,457	15,500	12,445	12,512
Committee on the Elimination of Racial Discrimination	340	18	-	358
Programme of the Decade for Action to Combat Racism and Racial Discrimination	190	559	113	636
United Nations Voluntary Fund for Victims of Torture	2,268	11,588	10,007	3,849
United Nations Voluntary Fund for Indigenous Populations	1,036	710	478	1,268
Voluntary Fund for Advisory Services and Technical Assistance in the Field of Human Rights	5,031	13,624	9,617	9,038
Trust Fund for the World Conference on Human Rights	661	77	17	721
Trust Fund for Disaster Relief	34,845	80,520	61,456	53,909
Trust Fund for the International Decade for Natural Disaster Reduction	2,333	5,434	6,918	849
Sasakawa- Disaster Prevention Award Endowment Fund	2,099	238	193	2,144 b/
Voluntary Fund for the Cambodian Peace Process	3,332	385	(6)	3,723
Trust Fund for the Activities of the International Support and Verification Commission (CIAV)	3,434	443	-	3,877
United Nations Trust Fund for Contemporary Forms of Slavery	27	308	68	267
Trust Fund for Human Rights Education Programme in Cambodia	1,202	2,890	3,689	403
Cambodia Trust fund	1,727	189	39	1,877
Trust Fund for Somalia - Unified Command	9,947	1,282	49	11,180
Trust Fund for the Common Costs of the Bosnia and Herzegovina Command	147	13	160	-
Trust Fund for Humanitarian Relief in Iraq	4,174	377	2,877	1,674
Trust Fund for the Support to the Activities of the Centre for Human Rights	4,666	3,829	2,001	6,494
Trust Fund for Rwanda	6,071	37	-	6,108
Trust Fund in Support of the implementation of the Agreement on a Cease-fire and Separation of Forces Signed in Moscow on 14 May 1994	113	313	361	65
Trust Fund for Human Rights Field Operation in Rwanda	4,679	6,050	10,249	480
Voluntary Trust Fund for Assistance in Mine Clearance	16,828	32,282	15,053	34,057
Trust Fund to Provide Goods and Services to the International Police Monitoring Programme and other Specifically Designated Purposes in Haiti	1,207	99	1,306	-
United Nations Trust Fund for De-Mining Activities in Angola	25	3	1	27
Trust Fund for Human Rights Field Operations in Burundi	2,413	1,963	3,011	1,365
Trust Fund for Police Assistance Programme in Bosnia and Herzegovina	1,686	8,516	6,854	3,348
United Nations Voluntary Fund for the International Decade of the World's Indigenous People	674	519	860	333
Trust Fund for Confidence Building Measures in Eastern Slovenia	506	33	410	129
Trust Fund for Enhancement of UNSMIH Capacity	7,053	4,037	886	10,204
Trust Fund for the Operations of ESCWA in Beirut	1,508	91	1,500	99
Trust Fund for Enhancement of UNTMIH Capacity	1,457	4,589	5,656	390
Trust Fund for Children and Armed Conflict	-	3,839	2,013	1,826
Trust Fund for Sierra Leone	-	2,323	844	1,479
Trust Fund for the Support of Activities of MINURCA (United Nations Mission in the Central African Republic)	-	915	529	386
Subtotal	131,136	203,593	159,654	175,075

Schedule 10.1
(Continued)

UNITED NATIONS GENERAL TRUST FUNDS

Schedule of income, expenditure, reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	Reserves and fund balances beginning of period	Income	Expenditure a/	Reserves and fund balances end of period
INTERNATIONAL JUSTICE AND LAW				
Trust fund for the United Nations Programme of Assistance in the Teaching, Study, Dissemination and Wider Appreciation of International Law	462	104	44	522
United Nations Commission on International Trade Law Symposia	147	131	177	101
Seminar on International Law	88	99	99	88
Trust Fund to Assist States in the Judicial Settlement of Disputes through the International Court of Justice	1,350	305	281	1,374
Trust Fund for the Commission of Experts Established Pursuant to Security Council Resolution 780 (1992)	447	52	(4)	503
Voluntary Fund for Supporting Developing Countries Participating in the United Nations Conference on Straddling Fish Stocks and Highly Migratory Fish Stocks	116	14	(2)	132
Trust Fund on Voluntary Fund to Grant Travel Assistance to Developing Countries Members of the United Nations Commission on International Trade Law	10	15	7	18
Trust Fund for the International Tribunal for the Prosecution of Persons Responsible for Genocide and other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda	5,615	1,304	3,745	3,174
Trust Fund for the Least Developed Countries in the Work of the Preparatory Committee on the Establishment of an International Criminal Court and the 1998 Diplomatic Conference of Plenipotentiaries	322	604	565	361
Trust Fund for the Colloquium on the Progressive Development and Codification of International Law	24	6	14	16
Trust Fund for the Participation of the Developing Countries in the Work of the Preparatory Committee on the Establishment of an International Criminal Court and in the 1998 Diplomatic Conference of Plenipotentiaries	-	56	34	22
Subtotal	8,581	2,690	4,960	6,311
PUBLIC INFORMATION				
Trust Fund for Economic and Social Information	535	497	400	632
Trust Fund for the Oral History of the United Nations	7	1	7	1
Trust Fund for Taejon International Expo 1993	1	-	1	
Trust Fund for Public Awareness on Disarmament Issues	1,441	253	237	1,457 c/
Trust Fund for Special Activities in Science and Technology for Development	84	10	-	94
Development Forum Trust Fund	801	3,366	3,105	1,062
Trust Fund for Expanding Public Information Activities in Japan	69	458	311	216
Trust Fund for Information Support for African Economic Recovery and Development	294	136	279	151
Trust Fund for Jointly Financed Information Projects	107	13	0	120
United Nations Trust Fund for Education and Communication	3,076	714	217	3,573
Trust Fund to Support Public Information and Related Efforts in United Nations Peacekeeping Operations	-	212	49	163
Subtotal	6,415	5,660	4,606	7,469

Schedule 10.1
(Continued)

UNITED NATIONS GENERAL TRUST FUNDS

Schedule of income, expenditure, reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

	Reserves and fund balances Beginning of period	Income	Expenditure a/	Reserves and fund balances end of period
COMMON SUPPORT SERVICES AND MISCELLANEOUS				
Trust Fund for Assistance in the Training of United Nations Staff in the French Language	140	20	21	139
Meditation Room Gifts from New York City	8	1	-	9
Sculpture in Memory of Hammarskjold, Grant by Blaustein Foundation	12	1	-	13
Trust Fund for German Language Translation	1,441	1,411	2,386	466
Library Endowment Fund	2,609	453	452	2,610 d/
Personal and Real Property Willed to the United Nations	4,011	809	134	4,686
Hamish Brown Fellowship Fund	36	5	-	41
The Special (Ralph Bunche) Account for the Secretary-General for Purposes Related to Peace and Security	446	155	347	254
United Nations Philatelic Museum	108	1	106	3
Trust Fund for Gilberto Amado Memorial Lecture	5	6	2	9
Trust Fund for Interest on the Contribution to United Nations Special Account	7,142	2,034	456	8,720
Trust Fund for the Restoration and Maintenance of the Peace Bell	16	2		18
Trust Fund for Staff Health Promotion	20	4	8	16
Trust Fund for the Myrdal Lectures	5	1	-	6
Trust Fund in Support of United Nations Peace-making and Peace-keeping Activities	40,817	4,462	10,294	34,985
United Nations Trust Fund for the Training for UNTAG	80	10	-	90
Trust Fund for Peace-making Activities of the Secretary-General	268	87	86	269
Trust Fund for the Assistance with Field Mission Transport Management	5	10	-	15
Secretariat News Trust Fund	65	66	42	89
Trust Fund for the Commission on the Truth for El Salvador	219	28	-	247
Trust Fund for Activities related to Administrative and Budgetary Aspects of Peace-keeping Operations	167	19	178	8
Trust Fund for the 50th Anniversary Celebrations	104	44	148	-
Trust Fund for Assistance to the Office of the Special Representative of the Secretary-General for the Former Yugoslavia	305	40	(5)	350
Trust Fund for the Ad Hoc Intergovernmental Group of Experts in the Legal and Financial Field	6	1	-	7
Trust Fund on Cooperation between the United Nations and Switzerland in the Field of Archives	81	8	36	53
Trust Fund for Demining Activities in UNPROFOR	865	77	942	-
Trust Fund for the Special Projects of the Secretary-General	132	781	240	673
Trust Fund for Assistance to the Special Representative of the Secretary-General for Burundi in Support of Peace-keeping	694	162	611	245
Trust Fund for Support from Government and Organizations to DPKO's Lessons-Learned Mechanism	104	942	430	616
Trust Fund for the Financing of a United Nations International Conference on Medical Support for Peace-keeping Operations	46	22	3	65
Trust Fund for the Open-ending High-level Working Group of the General Assembly on the Strengthening of the United Nations System	36	9	5	40

Schedule 10.1
(Concluded)

UNITED NATIONS GENERAL TRUST FUNDS
Schedule of income, expenditure, reserves and fund balances for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	Reserves and fund balances Beginning of period	Income	Expenditure a/	Reserves and fund balances end of period
COMMON SUPPORT SERVICES AND MISCELLANEOUS (Cont'd)				
Trust Fund for the International Commission of Inquiry of Arms Flow in the Great Lakes Region of Central Africa	102	556	451	207
Trust Fund to Support the Activities of the United Nations Disengagement Observer Force (UNDOF)	37	692	531	198
Trust Fund for Assistance to Military Officers on Loan from Governments in Support of Peace-keeping	36	13	-	49
Trust Fund to Support the Efficiency Review Board of the United Nations Secretariat	41	16	-	57
Trust Fund for Improving Preparedness for Conflict Prevention and Peace-keeping in Africa	216	22	56	182
Trust fund to Support Survey of United Nations Staff on Harassment in the Work Place	1	5	-	6
Trust Fund for UNSCO (United Nations Coordinator in the Occupied Territories)	1,009	30	808	231
Trust Fund in Support of the Activities of the Secretary-General's Special Representative to the Great Lakes Region of Central Africa	359	267	(583)	1,209
Trust Fund for the Rapidly Deployable Mission Headquarters	373	518	-	891
Trust Fund for United Nations Reform	24	2	15	11
Trust Fund for Preventive Action	5,254	2,339	3,482	4,111
Sheikh Ashmawi Trust Fund	-	105	77	28
Trust Fund for Security of Staff Members of the United Nations System	-	1,246	125	1,121
Trust Fund for Human Security	-	4,832	160	4,672
Trust Fund for the Consolidation of Peace through Practical Disarmament Measures		637	46	591
UN Trust Fund to Support the ECOMOG Interposition Force in Guinea-Bissau	-	123	123	
Trust Fund for the Implementation of the Ottawa Convention on Landmines		1,719	227	1,492
Trust Fund for the Millennium Assembly and the Millennium Summit of the United Nations	-	515	401	114
Trust Fund to Support the UN Interim Administration in Kosovo		33,167	24,675	8,492
Subtotal	67,445	58,475	47,516	78,404
United Nations Fund for International Partnership (UNFIP)	-	80,940	73,321	7,619
Total (Statement X)	326,434	495,648	424,022	398,060

a/ Includes:		
	Expenditure	400,435
	Prior periods' adjustments	278
	Refunds to donors	6,949
	Transfers (to) from other organizations	10,397
	Transfers (to) from other funds	5,963
	Total	424,022

b/ Includes permanent endowment of $2,000,000

c/ Includes permanent endowment of $1,000,000

d/ Includes permanent endowment of $1,049,588

Schedule 10.1.1

UNITED NATIONS FUND FOR INTERNATIONAL PARTNERSHIP (UNFIP)

Schedule of Cash Advances and Allotments to Implementing Partners for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

As at 31 December 1999, UNFIP has remitted a total of $72.4 million for 65 project activities to its implementing partners as follows:

Agency	Amount Advanced	Reported Expenditure	Balance
UNDP	5,618.0	1,374.2	4,243.8
UNFPA	8,347.3	4,498.5	3,848.8
UNICEF	20,114.4	1,872.2	18,242.2
UNEP	1,618.6	887.4	731.2
UNDCP	150.0	150.0	-
UNIFEM	2,710.8	974.5	1,736.3
UNCHS	707.7	242.2	465.5
WHO	28,896.5	12,174.5	16,722.0
UNCTAD	793.0	511.5	281.5
ECLAC-Mexico	22.8	4.2	18.6
UNHCR	1,668.0	271.2	1,396.8
OHCHR	358.9	-	358.9
ILO	503.1	-	503.1
FAO	442.1	-	442.1
UNESCO	485.4	-	485.4
	72,436.6	22,960.4	49,476.2

In addition, six allotment advices or spending authorities were issued to two UN offices for implementation of six projects, as follows

Agency	Amount Allotted	Reported Expenditure	Unencumbered Balance
UNEP	1,611.0	-	1,611.0
DPKO	1,405.8	1,405.8	-
	3,016.8	1,405.8	1,611.0

Statement XI

UNITED NATIONS ESCROW ACCOUNT ESTABLISHED UNDER THE PROVISIONS OF SECURITY COUNCIL RESOLUTIONS 706 (1991) AND 778 (1992) a/

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

		1999	1997
Income			
Allocations from other funds b/		79,635	39,984
Interest income		5,856	4,656
TOTAL INCOME		85,491	44,640
Expenditure			
Allocations to the United Nations General Trust Fund for Humanitarian Relief in Iraq		-	17.186
Allocations to the Special Account for the United Nations Compensation Commission	(Statement XII)	-	6.618
Allocations to the Special Account for Activities Approved Under Security Council Resolutions 687 (1991) and 706 (1991)	(Statement XIII)	5,737	18.098
Interest expense c/		35,459	42.059
Administrative and miscellaneous expense		4	3
TOTAL EXPENDITURE		41,200	83.964
Excess (shortfall) of income over expenditure		44,291	(39.324)
Prior period adjustments d/		(8,228)	-
NET (SHORTFALL) OF INCOME OVER EXPENDITURE		36.063	(39.324)
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD		(436,798)	(397.474)
RESERVES AND FUND BALANCES, END OF PERIOD		(400,735)	(436,798)

Statement XI
(concluded)

UNITED NATIONS ESCROW ACCOUNT ESTABLISHED UNDER THE PROVISIONS OF SECURITY COUNCIL RESOLUTIONS 706 (1991) AND 778 (1992) a/

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999

(Thousands of United States dollars)

	1999	1997
Assets		
Cash and term deposits	41,112	68,958
Due from United Nations General Fund	-	1,306
Other accounts receivable	439	385
TOTAL ASSETS	41,551	70,649
Liabilities		
Frozen asset transfers and contributions payable e/	334,542	435,161
Accrued interest payable c/	107,744	72,286
TOTAL LIABILITIES	442,286	507,447
Reserves and fund balances		
Cumulative surplus (deficit)	(400,735)	(436,798)
TOTAL RESERVES AND FUND BALANCES	(400,735)	(436,798)
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	41,551	70,649

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a/ See note 11 (a)

b/ From United Nations Escrow Account established under the provisions of Security Council Resolutions 986 (1995)

c/ Imputed interest due to the transferors and contributors of funds to the Escrow Account. The interest rate used for the computation is equal to the bank rate for actual interest earned on cash balances

d/ See note 11 (b)

e/ See note 11 (c)

The accompanying notes are an integral part of the financial statements

Statement XII

UNITED NATIONS COMPENSATION COMMISSION a/

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	1999	1997 b/
Income		
Allocations from other funds c/	5,154,648	1,288,931
Interest income	92,172	18,682
Other miscellaneous income	564	68
TOTAL INCOME	5,247,384	1,307,681
Expenditure		
Staff and other personnel costs	64,889	26,557
Travel	537	113
Contractual services	165	371
Operating expenses	5,949	3,444
Acquisitions	1,292	944
Compensation awards	5,414,271 d	712,992
Other expenditures	1,998	821
TOTAL EXPENDITURE	5,489,101	745,242
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(241,717)	562,439
Savings on, or cancellation of, prior periods' obligations	1,308	636
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	576,606	13,531
RESERVES AND FUND BALANCES, END OF PERIOD	336,197	576,606

Statement XII
(concluded)

UNITED NATIONS COMPENSATION COMMISSION a/

Statement of assets, liabilities, reserves and fund balances
as at 31 December 1999

	1999	1997
Assets		
Cash and term deposits	578,100	528,836
Short term investments e/	1,094,715	-
Other accounts receivable f/	68,707	1,497
Due from United Nations General Fund	248,190	50,441
Approved Compensation Awards financed from future oil sales g/	8,499,121	5,341,031
TOTAL ASSETS	10,488,833	5,921,805
Liabilities		
Unliquidated obligations	1,532,726 d/	4,168
Other accounts payable h/	120,789	-
Approved Compensation Awards Payable g/	8,499,121	5,341,031
TOTAL LIABILITIES	10,152,636	5,345,199
Reserves and fund balances		
Operating Reserve	140,000	140,000
Cumulative surplus	196,197	436,606
TOTAL RESERVES AND FUND BALANCES	336,197	576,606
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	10,488,833	5,921,805

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a/ See note 12

b/ Comparative figures reclassified to conform to current presentation

c/ From United Nations Escrow Account established under the provisions of Security Council Resolution 986 (1995)

d/ Includes obligations of US$1,266,842,561 for claim payments to the extent of available cash.

e/ Market value of Short term investments at 31 December 1999 is US$1,096,837,277

f/ Includes US$62,541,496 paid to Governments for further distribution to claimants in respect of various compensation awards

g/ Represents $8,499,121,062 of compensation claims, which have been approved by the Governing Council but not yet paid or obligated pending receipt of funds from the United Nations Escrow Account. For additional details, see decisions made by the Governing Council of the Commission reflected in the various documents under S/AC.26

h/ Represents undistributed funds to claimants

The accompanying notes are an integral part of the financial statements

SPECIAL ACCOUNT FOR ACTIVITIES APPROVED UNDER SECURITY COUNCIL RESOLUTIONS 687 (1991), 706 (1991), AND 1284 (1999): OTHER ACTIVITIES a/

Statement of income and expenditure and changes in reserves and fund balances
for the biennium ended 31 December 1999
(Thousands of United States dollars)

	Activities of the Special Commission	Demarcation of boundary between Iraq and Kuwait	Return of Kuwaiti property	Consultations on Iraqi oil sales and miscellaneous	Total 1999	Total 1997
Income						
Voluntary contributions b/		978			978	200
Allocations from other funds c/	128,735	959	31	13	129,738	48,126
Interest income	2,908		-	-	2,908	536
Other/miscellaneous income	42	-	-	-	42	119
TOTAL INCOME	131,685	1,937	31	13	133,666	48,981
Expenditure						
Staff and other personnel costs	13,304			-	13,304	16,852
Travel	11,586			-	11,586	14,392
Contractual Services				-	-	15
Operating expenses	22,780		-	-	22,780	13,166
Acquisitions	1,267		-	-	1,267	1,647
Other expenditure	365	-	-	-	365	197
TOTAL EXPENDITURES	49,302	-	-	-	49,302	46,469
Excess (shortfall) of income over expenditure	82,383	1,937	31	13	84,364	2,512
Prior period adjustments	2,507	-	-	-	2,507	(159)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	84,890	1,937	31	13	86,871	2,353
Savings on, or cancellation of, prior periods' obligations	731			-	731	57
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	(3,213)	(960)	(31)	(13)	(4,217)	(6,627)
RESERVES AND FUND BALANCES END OF PERIOD	82,408	977	-	-	83,385	(4,217)

SPECIAL ACCOUNT FOR ACTIVITIES APPROVED UNDER SECURITY COUNCIL RESOLUTIONS 687(1991), 706(1991), AND 1284 (1999): OTHER ACTIVITIES a/

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999

(Thousands of United States dollars)

	Activities of the Special Commission	Demarcation of boundary between Iraq and Kuwait	Return of Kuwaiti property	Consultations on Iraqi oil sales and miscellaneous	Total 1999	Total 1997
Assets						
Cash and term deposits	77,691		-	-	77,691	16,435
Accounts receivable from Agency	297	-	-	-	297	124
Other accounts receivable	803	-	-	-	803	474
Inter-fund balances receivable	4,876	977	-	-	5,853	-
Deferred charges	14	—	—	—	14	12
TOTAL ASSETS	83,681	977	—	—	84,658	17,045
Liabilities						
Unliquidated obligations	388				388	4,795
Inter-fund balances payable			-	-	-	11,104
Due to Trust Fund in Support of United Nations Peace-making and Peace-keeping Activities			-	-	-	2,500
Accounts payable	592		-	-	592	2,579
Other accounts payable	40		-	-	40	238
Inter-office transactions pending processing	253	-	-	-	253	6
Deferred credits	—	—	—	—	—	40
TOTAL LIABILITIES	1,273	—	—	—	1,273	21,262
Reserves and fund balances						
Cumulative surplus (deficit)	82,408	977	—	—	83,385	(4,217)
TOTAL RESERVES AND FUND BALANCES	82,408	977	—	—	83,385	(4,217)
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	83,681	977	—	—	84,658	17,045

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a/ See note 13.

b/ Received from Kuwait and representing fifty percent of the Boundary Commission costs as stated in paragraph 3 of Security Council resolution 687 (1991). The receivable balance from Kuwait of $978,0[illegible] was off set by reimbursement of amount due to Kuwait in accordance with paragraph [illegible] of the Security Council resolution 778 (1992) and paragraph 8 (g) of Security Council resolution 986 (1995).

c/ Received $124,001,477 from United Nations Escrow Accounts established under the provisions of Security Council Resolutions [illegible] (1991), 778 (1992) and Security Council Resolution 986 (1995), respectively.

The accompanying notes are an integral part of the financial statements.

Statement XIV

UNITED NATIONS CENTRAL EMERGENCY REVOLVING FUND a/

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

		1999	1997
Income			
Voluntary contributions		78	120
Interest/ Investment income	b/	5,419	4,871
TOTAL INCOME		5,497	4,991
Expenditure			
TOTAL EXPENDITURE		-	-
		-	-
Excess (shortfall) of income over expenditure		5,497	4,991
NET EXCESS(SHORTFALL) OF INCOME OVER EXPENDITURE		5,497	4,991
Other adjustments to reserves and fund balances	c/	(6,143)	-
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD		58,342	53,351
RESERVES AND FUND BALANCES, END OF PERIOD		57,696	58,342

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999

		1999	1997
Assets			
Cash and term deposits		24,105	51,381
Investments d/		23,813	-
Pledged contributions receivable		31	-
Advances receivable	(Schedule 14.1)	2,793	6,656
Inter-fund balances receivable		6,738	13
Other accounts receivable		238	292
TOTAL ASSETS		57,718	58,342
Liabilities			
Deferred Income		22	-
TOTAL LIABILITIES		22	-
Reserves and fund balances			
Fund principal from contributions	(Schedule 14.2)	49,415	49,337
Cumulative surplus		8,281	9,005
TOTAL RESERVES AND FUND BALANCES		57,696	58,342
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		57,718	58,342

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a/ See note 14

b/ Includes an offset of $54,901.71 for unrealized losses recorded to adjust short term investments to market value

c/ Represents the advances to four agencies amounting to $6,142,689.00 offset against the accumulated interest reported as part of the Cumulative Surplus of the Fund in accordance with ST/SGB/251, paragraph 16, (refer Schedule 14.1)

d/ Reflects the cost and market value of short term investments as at 31 December 1999

The accompanying notes are an integral part of the financial statements

Schedule 14.1

UNITED NATIONS CENTRAL EMERGENCY REVOLVING FUND

Advances receivable as at 31 December 1999
(Thousands of United States dollars)

Operational Organization	Project	Amount Outstanding 1 January 1998	Amount Advanced 1998 - 1999	Amount Reimbursed 1998-1999	Amount Outstanding 31 December 1999
DHA	West Africa	163	-	163	-
DHA-Geneva	Rwanda	50	-	50	-
DHA-Geneva	Sudan	300	-	300	-
FAO	Bosnia/Herzegovina	45	-	45 a/	-
IOM	Zaire	350	-	350 a/	-
UNCHS	Lebanon	3,307	-	3,307 a/	-
WFP	Tajikistan	2,441	-	2,441 a/	-
UNICEF	Rwanda	-	1,303	1,303	-
UNICEF	Great Lakes Region	-	3,025	3,025	-
DHA-Geneva	Democratic People's Republic of Korea	-	360	310	50
UNICEF	Sudan	-	1,200	1,200	-
OHCHR	Eritrea	-	442	442	-
FAO	Burundi	-	650	650	-
UNOPS	Kosovo	-	500	350	150
FAO	Somalia	-	360	360	-
FAO	Guinea-Bissau	-	494	494	-
FAO	Burundi	-	500	500	-
DHA-Geneva	Balkans	-	500	-	500
UNMIK	Kosovo	-	2,180	2,180	-
UNMIK	Kosovo	-	2,900	2,900	-
UNMIK	Kosovo	-	1,053	1,053	-
UNMIK	Kosovo	-	2,900	2,900	-
FAO	Kosovo	-	366	-	366
FAO	Kosovo	-	576	-	576
FAO	Kosovo	-	453	-	453
FAO	Angola	-	198	-	198
UNHCR	East Timor	-	5,000	5,000	-
FAO	Angola	-	150	-	150
FAO	Angola	-	150	-	150
FAO	Angola	-	200	-	200
TOTAL		6,656	25,460	29,323	2,793

a/ Amounts offset against the Cumulative Surplus of the fund in accordance with the provisions of ST/SGB/251

Schedule 14.2

UNITED NATIONS CENTRAL EMERGENCY REVOLVING FUND

Voluntary contributions as at 31 December 1999
(Thousands of United States dollars)

Donors	1999	1997
Algeria	60	40
Australia	744	744
Austria	500	500
Belgium	327	327
Canada	2,195	2,195
Colombia	10	10
Denmark	2,000	2,000
Finland	1,534	1,534
France	5,480	5,480
Germany	5,000	5,000
Greece	9	0
Holy See	70	70
Iceland	10	10
Ireland	100	100
Italy	4,284	4,284
Japan	5,000	5,000
Libyan Arab Jamahiriya	5	5
Liechtenstein	7	7
Luxembourg	100	100
Malaysia	20	20
Mauritius	10	10
Monaco	104	80
Namibia	1	1
Netherlands	3,083	3,083
New Zealand	137	137
Norway	1,850	1,850
Philippines	20	20
Republic of Korea	50	50
Russian Federation	250	250
San Marino	10	10
Spain	760	760
Sweden	2,409	2,409
Switzerland	2,050	2,050
Turkey	25	0
United Kingdom of Great Britain and Northern Ireland	5,000	5,000
United States of America	6,200	6,200
Other	1	1
TOTAL	49,415	49,337

Statement XV

UNITED NATIONS MISSION IN EAST TIMOR a/ b/ c/

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	1999
Income	
Assessed contributions	7,155
Voluntary contributions	33,898
Voluntary contributions in kind d/	7,111
Transfer from other funds e/	10,110
Interest income	519
Other/miscellaneous income	46
TOTAL INCOME	58,839
Expenditure	
Staff and other personnel costs	25,425
Travel	3,851
Contractual Services	1,200
Operating expenses	11,006
Acquisitions	29,569
Fellowship, grants and others d/	7,111
TOTAL EXPENDITURES	78,162
Excess (shortfall) of income over expenditure	(19,323)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(19,323)
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	-
RESERVES AND FUND BALANCES, END OF PERIOD	(19,323)

Statement XV
(concluded)

UNITED NATIONS MISSION IN EAST TIMOR a/ b/ c/

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999

(Thousands of United States dollars)

		1999
Assets		
Cash and term deposits		11,706
Assessed contributions receivable from Member States	(Schedule 15.1)	3,808
Voluntary contribution receivable		1,143
Inter-fund balances receivable		8,457
Other accounts receivable		1,928
Deferred charges		27
Inter-office transactions pending processing		47
TOTAL ASSETS		27,116
Liabilities		
Contributions of payments received in advance		5
Unliquidated obligations		33,039
Inter-fund balances payable		10,699
Accounts payable		2,696
TOTAL LIABILITIES		46,439
Reserves and fund balances		
Cumulative surplus (deficit)		(19,323)
TOTAL RESERVES AND FUND BALANCES		(19,323)
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		27,116

a/ See note 15.

b/ Comparative figures from the previous biennium are not available as this account commenced from 5 May 1999.

c/ Combines the activities of the Trust Fund for the Settlement of the Question of East Timor and Special Account for the United Nations Mission in East Timor.

d/ Represents voluntary contributions in kind of $7,110,900.

e/ Represents transfer from contributions received from the Government of Japan to the trust fund in support of United Nations peace-keeping activities in accordance with the donor's request.

The accompanying notes are an integral part of the financial statements.

SCHEDULE 15.1

UNITED NATIONS MISSION IN EAST TIMOR (UNAMET)

Assessed contributions unpaid as at 31 December 1999

(United States dollars)

Member states	Assessed Contributions Unpaid as at 1 January 1998	Net Assessed Contributions in 1999	Collections During 1998 and 1999	Assessed contributions unpaid as at 31 December 1999			
				Prior years	1998	1999	Total
AFGHANISTAN	-	17	-	-	-	17	17
ALBANIA	-	34	-	-	-	34	34
ALGERIA	-	1,065	-	-	-	1,065	1,065
ANDORRA	-	227	-	-	-	227	227
ANGOLA	-	56	-	-	-	56	56
ANTIGUA AND BARBUDA	-	11	-	-	-	11	11
ARGENTINA	-	11,607	-	-	-	11,607	11,607
ARMENIA	-	124	-	-	-	124	124
AUSTRALIA	-	83,995	83,995	-	-	-	-
AUSTRIA	-	53,333	-	-	-	53,333	53,333
AZERBAIJAN	-	250	-	-	-	250	250
BAHAMAS	-	170	-	-	-	170	170
BAHRAIN	-	192	-	-	-	192	192
BANGLADESH	-	56	56	-	-	-	-
BARBADOS	-	90	-	-	-	90	90
BELARUS	-	929	-	-	-	929	929
BELGIUM	-	62,515	-	-	-	62,515	62,515
BELIZE	-	6	6	-	-	-	-
BENIN	-	11	-	-	-	11	11
BHUTAN	-	6	-	-	-	6	6
BOLIVIA	-	79	79	-	-	-	-
BOSNIA AND HERZEGOVINA	-	57	-	-	-	57	57
BOTSWANA	-	56	-	-	-	56	56
BRAZIL	-	16,663	16,663	-	-	-	-
BRUNEI DARUSSALAM	-	227	-	-	-	227	227
BULGARIA	-	216	-	-	-	216	216
BURKINA FASO	-	11	-	-	-	11	11
BURUNDI	-	6	-	-	-	6	6
CAMBODIA	-	11	-	-	-	11	11
CAMEROON	-	147	-	-	-	147	147
CANADA	-	156,089	156,089	-	-	-	-
CAPE VERDE	-	11	-	-	-	11	11
CENTRAL AFRICAN REPUBLIC	-	6	-	-	-	6	6
CHAD	-	6	-	-	-	6	6

SCHEDULE 15.1
(continued)

UNITED NATIONS MISSION IN EAST TIMOR (UNAMET)

Assessed contributions unpaid as at 31 December 1999
(United States dollars)

Member states	Assessed Contributions Unpaid as at 1 January 1998	Net Assessed Contributions in 1999	Collections During 1998 and 1999	Assessed contributions unpaid as at 31 December 1999			
				Prior years	1998	1999	Total
CHILE	-	1,485	-	-	-	1,485	1,485
CHINA	-	66,981	-	-	-	66,981	66,981
COLOMBIA	-	1,236	1,236	-	-	-	-
COMOROS	-	6	-	-	-	6	6
CONGO	-	34	-	-	-	34	34
COSTA RICA	-	181	181	-	-	-	-
COTE D'IVOIRE	-	102	-	-	-	102	102
CROATIA	-	408	408	-	-	-	-
CUBA	-	295	-	-	-	295	295
CYPRUS	-	386	-	-	-	386	386
CZECH REPUBLIC	-	6,858	6,858	-	-	-	-
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	-	216	-	-	-	216	216
DEMOCRATIC REPUBLIC OF THE CONGO	-	79	-	-	-	79	79
DENMARK	-	39,164	39,164	-	-	-	-
DJIBOUTI	-	6	-	-	-	6	6
DOMINICA	-	6	-	-	-	6	6
DOMINICAN REPUBLIC	-	170	170	-	-	-	-
ECUADOR	-	227	-	-	-	227	227
EGYPT	-	737	-	-	-	737	737
EL SALVADOR	-	136	-	-	-	136	136
EQUATORIAL GUINEA	-	6	-	-	-	6	6
ERITREA	-	6	-	-	-	6	6
ESTONIA	-	170	-	-	-	170	170
ETHIOPIA	-	34	-	-	-	34	34
FIJI	-	45	45	-	-	-	-
FINLAND	-	30,719	30,719	-	-	-	-
FRANCE	-	450,210	-	-	-	450,210	450,210
GABON	-	170	-	-	-	170	170
GAMBIA	-	6	-	-	-	6	6
GEORGIA	-	216	-	-	-	216	216
GERMANY	-	555,888	-	-	-	555,888	555,888
GHANA	-	79	-	-	-	79	79
GREECE	-	18,899	-	-	-	18,899	18,899

SCHEDULE 15.1
(continued)

UNITED NATIONS MISSION IN EAST TIMOR (UNAMET)

Assessed contributions unpaid as at 31 December 1999
(United States dollars)

Member states	Assessed Contributions Unpaid as at 1 January 1998	Net Assessed Contributions in 1999	Collections During 1998 and 1999	Assessed contributions unpaid as at 31 December 1999 Prior years	1998	1999	Total
GRENADA		6	-	-	-	6	6
GUATEMALA		205	-	-	-	205	205
GUINEA		17	-	-	-	17	17
GUINEA-BISSAU		6	-	-	-	6	6
GUYANA		11	-	-	-	11	11
HAITI		11	-	-	-	11	11
HONDURAS		34	-	-	-	34	34
HUNGARY		1,360	1,360	-	-	-	-
ICELAND		1,814	1,814	-	-	-	-
INDIA		3,390	-	-	-	3,390	3,390
INDONESIA		2,086	-	-	-	2,086	2,086
IRAN (ISLAMIC REPUBLIC OF)		2,188	2,188	-	-	-	-
IRAQ		510	-	-	-	510	510
IRELAND		12,695	-	-	-	12,695	12,695
ISRAEL		3,911	-	-	-	3,911	3,911
ITALY		307,870	307,870	-	-	-	-
JAMAICA		68	-	-	-	68	68
JAPAN		1,132,633	1,132,633	-	-	-	-
JORDAN		68	-	-	-	68	68
KAZAKHSTAN		748	748	-	-	-	-
KENYA		79	-	-	-	79	79
KUWAIT		1,518	1,518	-	-	-	-
KYRGYZSTAN		90	-	-	-	90	90
LAO PEOPLE'S DEMOCRATIC REPUBLIC		6	-	-	-	6	6
LATVIA		272	-	-	-	272	272
LEBANON		181	-	-	-	181	181
LESOTHO		11	-	-	-	11	11
LIBERIA		23	-	-	-	23	23
LIBYAN ARAB JAMAHIRIYA		1,496	-	-	-	1,496	1,496
LIECHTENSTEIN		340	340	-	-	-	-
LITHUANIA		250	-	-	-	250	250
LUXEMBOURG		1,854	-	-	-	1,854	1,854
MADAGASCAR		17	-	-	-	17	17
MALAWI		11	-	-	-	11	11

SCHEDULE 15.1
(continued)

UNITED NATIONS MISSION IN EAST TIMOR (UNAMET)

Assessed contributions unpaid as at 31 December 1999
(United States dollars)

Member states	Assessed Contributions Unpaid as at 1 January 1998	Net Assessed Contributions in 1999	Collections During 1998 and 1999	Assessed contributions unpaid as at 31 December 1999 Prior years	1998	1999	Total
MALAYSIA		2,041				2,041	2,041
MALDIVES		6				6	6
MALI		11				11	11
MALTA		158				158	158
MARSHALL ISLANDS		11				11	11
MAURITANIA		6				6	6
MAURITIUS		102				102	102
MEXICO		11,109				11,109	11,109
MICRONESIA (FEDERATED STATES OF)		11				11	11
MONACO		227	227				
MONGOLIA		23				23	23
MOROCCO		465				465	465
MOZAMBIQUE		6				6	6
MYANMAR		46				46	46
NAMIBIA		39	39				
NEPAL		22				22	22
NETHERLANDS		92,440				92,440	92,440
NEW ZEALAND		12,526	12,526				
NICARAGUA		11				11	11
NIGER		11				11	11
NIGERIA		453				453	453
NORWAY		14,573				14,573	14,573
OMAN		578				578	578
PAKISTAN		669				669	669
PALAU		6				6	6
PANAMA		147				147	147
PAPUA NEW GUINEA		39				39	39
PARAGUAY		158				158	158
PERU		1,076				1,076	1,076
PHILIPPINES		907				907	907
POLAND		2,346				2,346	2,346
PORTUGAL		23,634				23,634	23,634
QATAR		374				374	374
REPUBLIC OF KOREA		11,267				11,267	11,267

SCHEDULE 15.1
(continued)

UNITED NATIONS MISSION IN EAST TIMOR (UNAMET)

Assessed contributions unpaid as at 31 December 1999

(United States dollars)

Member states	Assessed Contributions Unpaid as at 1 January 1998	Net Assessed Contributions in 1999	Collections During 1998 and 1999	Assessed contributions unpaid as at 31 December 1999			
				Prior years	1998	1999	Total
REPUBLIC OF MOLDOVA		205				205	205
ROMANIA		760				760	760
RUSSIAN FEDERATION		102,364	102,364				-
RWANDA		6				6	6
SAINT KITTS AND NEVIS		6				6	6
SAINT LUCIA		6				6	6
SAINT VINCENT AND GRENADINES		6				6	6
SAMOA		6				6	6
SAN MARINO		113				113	113
SAO TOME AND PRINCIPE		6				6	6
SAUDI ARABIA		6,450				6,450	6,450
SENEGAL		34				34	34
SEYCHELLES		11				11	11
SIERRA LEONE		6				6	6
SINGAPORE		1,996				1,996	1,996
SLOVAK REPUBLIC		442				442	442
SLOVENIA		692				692	692
SOLOMON ISLANDS		6				6	6
SOMALIA		6				6	6
SOUTH AFRICA		20,743				20,743	20,743
SPAIN		146,737				146,737	146,737
SRI LANKA		136				136	136
SUDAN		39				39	39
SURINAME		22				22	22
SWAZILAND		23				23	23
SWEDEN		61,438	61,438				-
SYRIAN ARAB REPUBLIC		726				726	726
TAJIKISTAN		57				57	57
THAILAND		1,893				1,893	1,893
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA		45				45	45
TOGO		6				6	6
TRINIDAD AND TOBAGO		192				192	192
TUNISIA		318				318	318
TURKEY		4,987				4,987	4,987

SCHEDULE 15.1
(concluded)

UNITED NATIONS MISSION IN EAST TIMOR (UNAMET)

Assessed contributions unpaid as at 31 December 1999

(United States dollars)

Member states	Assessed Contributions Unpaid as at 1 January 1998	Net Assessed Contributions in 1999	Collections During 1998 and 1999	Assessed contributions unpaid as at 31 December 1999			
				Prior years	1998	1999	Total
TURKMENISTAN		90				90	90
UGANDA		22				22	22
UKRAINE		3,424				3,424	3,424
UNITED ARAB EMIRATES		2,018				2,018	2,018
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND		350,993	350,993				
UNITED REPUBLIC OF TANZANIA		17				17	17
UNITED STATES OF AMERICA		2,172,604				2,172,604	2,172,604
URUGUAY		544				544	544
UZBEKISTAN		419				419	419
VANUATU		6				6	6
VENEZUELA		1,996				1,996	1,996
VIET NAM		79				79	79
YEMEN		56				56	56
YUGOSLAVIA		386				386	386
ZAMBIA		11				11	11
ZIMBABWE		51				51	51
TOTAL		6,119,316	2,311,127			3,808,189	3,808,189

a The net assessments on Member States for 1998 and 1999 as per ST/ADM/SER.B/549 are as follows:

	1999
Gross assessed contributions	7,155,000
Less: Credit from staff assessment	(1,035,684)
Net contributions	6,119,316

Statement XVI

Special Multi-Year Account for Supplementary Development Activities a/ b/

Statement of income and expenditure and changes in reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

	1999
Income	
Allocations from other funds c/	13,065
TOTAL INCOME	13,065
Expenditure	
Staff and other personnel costs	465
Travel	110
Contractual Services	300
Fellowship, Grants, Others	650
Acquisitions	42
Operating Expenses	9
TOTAL EXPENDITURE	1,576
NET EXCESS OF INCOME OVER EXPENDITURE	11,489
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	-
RESERVES AND FUND BALANCES, END OF PERIOD	11,489

Statement of assets, liabilities, reserves and fund balances
as at 31 December 1999
(Thousands of United States dollars)

	1999
Assets	
Due from United Nations General Fund	12,200
Other accounts receivable	8
TOTAL ASSETS	12,208
Liabilities	
Unliquidated obligations	667
Other accounts payable	52
TOTAL LIABILITIES	719
Reserves and fund balances	
Cumulative surplus	11,489
TOTAL RESERVES AND FUND BALANCES	11,489
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	12,208

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a. See note 1c

b. Comparative figures from the previous biennium are not available as the transactions relating to this account were recorded during 1999

c. Represents funds transferred from Section 34 Development Account of the regular budget as approved by General Assembly resolution 54/15. See note 16.

The accompanying notes are an integral part of the financial statements

Statement XVII

SPECIAL ACCOUNTS FOR PROGRAMME SUPPORT COSTS a/

Statement of income and expenditure and changes in reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

	Support of technical cooperation activities	Support of extrabudgetary administrative structures	Support of extrabudgetary substantive activities	Support of humanitarian activities	Support of United Nations Fund for International Partnership	**Total 1999**	**Total 1997**
Income							
Income for services rendered to							
UNDP/UNFPA	12,967	10,054				23,021	29,721
UNFIP					3,119	3,119	
Technical cooperation trust funds	15,278			51		15,329	17,895
Associated agency projects	2,832					2,832	3,602
General trust funds	2	2,747	10,082	5,502		18,333	27,258
ITC		774				774	442
UNCTAD		417				417	641
UNEP		1,223				1,223	898
UNHCR		6,808				6,808	7,563
UNICEF		6,317				6,317	5,251
IFAD							752
Others		7,630	3,076			10,706	3,556
Subtotal	31,079	35,970	13,158	5,553	3,119	88,879	97,579
Interest income	1,575	964	2,017	715	136	5,407	3,505
Other/miscellaneous income	2,198	4,581	242	1		7,022	7,465
TOTAL INCOME	34,852	41,515	15,417	6,269	3,255	101,308	108,549
Expenditure							
Staff and other personnel costs	25,784	29,615	12,283	6,671	1,645	75,998	76,631
Travel	312	22	279	11	59	683	314
Contractual services	329	1,613	11			1,953	766
Operating expenses	905	111	73	48	449	1,586	2,697
Acquisitions	99	57	250	2	172	580	171
Fellowships, grants, other	1,521	2,898	337		29	4,785	4,864
TOTAL EXPENDITURE	28,950	34,316	13,233	6,732	2,354	85,585	85,443
Excess (shortfall) of income over expenditure	5,902	7,199	2,184	(463)	901	15,723	23,106
Prior period adjustments	(16)	(322)	(1,162)			(1,500) b/	219
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	5,886	6,877	1,022	(463)	901	14,223	23,325
Other adjustments to reserves							(261)
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	11,174	9,906	16,969	6,891		44,940	21,876
RESERVES AND FUND BALANCES, END OF PERIOD	17,060	16,783	17,991	6,428	901	59,163	44,940

Statement XVII
(concluded)

SPECIAL ACCOUNTS FOR PROGRAMME SUPPORT COSTS a/

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999
(Thousands of United States dollars)

	Support of technical cooperation activities	Support of extrabudgetary administrative structures	Support of extrabudgetary substantive activities	Support of humanitarian activities	Support of United Nations Fund for International Partnership	**Total 1999**	**Total 1997**
Assets							
Cash	8,508	2,653	4,040	1,475	-	16,676	40,301
Investments	11,874	8,351	12,303	4,535	-	37,063 c/	-
Inter-fund balances receivable	2,953	381	1,441	131	841	5,747	5,068
Due from technical cooperation activities	8,564				-	8,564	4,260
Other accounts receivable	1,213	8,119	660	292	105	10,389	2,494
Other assets	38	84	16		27	165	137
TOTAL ASSETS	33,150	19,588	18,460	6,433	973	78,604	52,260
Liabilities							
Unliquidated obligations-current year	1,635	403	430	5	60	2,533	2,907
Inter-fund balances payable	13,915	2,286			-	16,201	3,462
Due to technical cooperation activities	200					200	
Other accounts payable	263	16	4		12	295	364
Other liabilities	77	100	35		-	212	587
TOTAL LIABILITIES	16,090	2,805	469	5	72	19,441	7,320
Reserves and fund balances							
Operating reserves	2,807	4,423	3,000	349		10,579	6,976
Cumulative surplus (deficit)	14,253	12,360	14,991	6,079	901	48,584	37,964
TOTAL RESERVES AND FUND BALANCES	17,060	16,783	17,991	6,428	901	59,163	44,940
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	33,150	19,588	18,460	6,433	973	78,604	52,260

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a/ See note 17

b/ Comprising primarily of an adjustment of $646,834 representing support costs allotted to implementing agencies previously recorded as income in the Programme Support of Extrabudgetary Substantive Activities fund OKA, $431,791 of adjustments to programme support on savings on liquidation of prior periods' obligations and a prior period adjustment of $492,710 reported by the United Nations Office in Geneva (UNOG).

c/ The market value of Investments as at 31 December 1999 amounted to $ 37,643,961.

The accompanying notes are an integral part of the financial statements.

Schedule 17.1

SPECIAL ACCOUNTS FOR PROGRAMME SUPPORT COSTS
TECHNICAL COOPERATION REIMBURSEMENT RESOURCES - BY OFFICES

Statement of income and expenditure and changes in reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

	UNHQ a/	ECA	ESCAP	ECE	ECLAC	ESCWA	UNCTAD	UNCHS	Total 1999	Total 1997
Income										
Income for services rendered to										
UNDP	8,779	75	29	6	4	153	569	2,952	12,567	19,207
UNFPA	135	-	134	64	67	-	-	-	400	1,126
Technical cooperation trust funds	4,352	525	2,197	327	1,366	9	3,832	2,670	15,278	17,895
Associated agency projects	574	85	-	46	32	-	505	1,590	2,832	3,602
General trust funds	-	-	-	-	-	2	-	-	2	22
Subtotal	13,840	685	2,360	443	1,469	164	4,906	7,212	31,079	41,852
Interest income	712	66	323	98	147	16	213	-	1,575	1,016
Other/miscellaneous income	628	417	224	-	111	11	544	263	2,198	2,043
TOTAL INCOME	15,180	1,168	2,907	541	1,727	191	5,663	7,475	34,852	44,911
Expenditure										
Staff and other personnel costs	9,004	672	2,507	166	1,997	104	5,140	6,194	25,784	32,067
Travel	50	119	15	-	27	28	72	1	312	204
Contractual services	292	-	-	7	13	1	15	1	329	393
Operating expenses	584	74	58	1	22	8	-	158	905	2,618
Acquisitions	19	-	47	24	1	3	-	5	99	51
Fellowships, grants, other	1,007	15	-	-	-	-	497	2	1,521	2,033
TOTAL EXPENDITURE	10,956	880	2,627	198	2,060	144	5,724	6,361	28,950	37,366
Excess (shortfall) of income over expenditure	4,224	288	280	343	(333)	47	(61)	1,114	5,902	7,545
Prior period adjustments	6	30	-		-	-	1	(53)	(16)	(591)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	4,230	318	280	343	(333)	47	(60)	1,061	5,886	6,954
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	3,618	307	2,148	895	1,815	313	2,180	(102)	11,174	4,220
RESERVES AND FUND BALANCES, END OF PERIOD	7,848	625	2,428	1,238	1,482	360	2,120	959	17,060	11,174

Schedule 17.1
(concluded)

SPECIAL ACCOUNTS FOR PROGRAMME SUPPORT COSTS
TECHNICAL COOPERATION REIMBURSEMENT RESOURCES - BY OFFICES

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999

(Thousands of United States dollars)

	UNHQ a/	ECA	ESCAP	ECE	ECLAC	ESCWA	UNCTAD	UNCHS	**Total 1999**	**Total 1997**
Assets										
Cash	3,593	-	-	1,205	1,140	225	2,345	-	8,508	9,202
Investments	11,874	-	-	-	-	-	-	-	11,874	-
Inter-fund balances receivable	-	-	2,442	-	372	139	-	-	2,953	1,272
Due from technical cooperation activities	-	660	-	25	-	-	-	7,879	8,564	4,260
Other accounts receivable	589	328	-	24	-	3	64	205	1,213	755
Other assets	38	-	-	-	-	-	-	-	38	110
TOTAL ASSETS	16,094	988	2,442	1,254	1,512	367	2,409	8,084	33,150	15,599
Liabilities										
Unliquidated obligations-current year	1,307	86	14	-	30	7	60	131	1,635	2,234
Inter-fund balances payable	6,935	197	-	-	-	-	-	6,783	13,915	1,272
Due to technical cooperation activities	-	-	-	-	-	-	200	-	200	-
Other accounts payable	1	6	-	16	-	-	29	211	263	338
Other liabilities	3	74	-	-	-	-	-	-	77	581
TOTAL LIABILITIES	8,246	363	14	16	30	7	289	7,125	16,090	4,425
Reserves and Fund balances										
Operating reserve	-	141	437	17	630	20	583	959	2,807	1,719
Cumulative surplus (deficit)	7,848	484	1,991	1,201	852	340	1,537	-	14,253	9,455
TOTAL RESERVES AND FUND BALANCES	7,848	625	2,428	1,238	1,482	360	2,120	959	17,060	11,174
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	16,094	988	2,442	1,254	1,512	367	2,409	8,084	33,150	15,599

a/ Represents extrabudgetary technical cooperation activities of the Department of Economic and Social Affairs (DESA).

Statement XVIII

UNITED NATIONS CAPITAL ASSETS FUND a/

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	1999	1997
Income		
TOTAL INCOME	-	-
Expenditure		
TOTAL EXPENDITURE	-	-
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	-	-
Transfer from other funds b/	123,564	46,783
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	314,238	267,455
RESERVES AND FUND BALANCES, END OF PERIOD	437,802	314,238

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999

	1999	1997
Assets		
Land and buildings	437,802	314,238
TOTAL ASSETS	437,802	314,238
Reserves and fund balances		
Funded by United Nations General Fund c/	10,962	10,962
Donated funds	20,222	20,222
Regular budget appropriations	406,618	283,054
Total capital funds relating to land and buildings	437,802	314,238
TOTAL RESERVES AND FUND BALANCES	437,802	314,238

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a/ See note 18.

b/ Includes $114,842,306 resulting from the capitalization of the ECA construction cost and $8,718,558 resulting from the capitalization of the UNEP construction cost, as well as an adjustment of $2,863 to ESCAP construction cost.

c/ Represents the cost of UNITAR building acquired by the United Nations in accordance with General Assembly resolution 47/22 of 8 April 1993.

The accompanying notes are an integral part of the financial statements.

Statement XIX

UNITED NATIONS CONSTRUCTION IN PROGRESS a/

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	Construction in Progress			Total	Total
	UNEP	ECA	Undistributed	1999	1997 b/
Income					
Allocations from other funds	379	-	-	379	920
Interest income	-	-	1,156	1,156	2,445
TOTAL INCOME	379	-	1,156	1,535	3,365
Expenditure c/, d/	-	-	-	-	-
TOTAL EXPENDITURE	-	-	-	-	-
Excess (shortfall) of income over expenditure	379	-	1,156	1,535	3,365
NET EXCESS OF INCOME OVER EXPENDITURE	379	-	1,156	1,535	3,365
Transfer to other funds	(5,719) e	(114,842) e	(3)	(123,564)	(46,656)
Other adjustments to fund balances	(549) f	(386) f	935 f	-	
RESERVES AND FUND BALANCES BEGINNING OF PERIOD	5,889	115,228	5,442	129,559	172,850
RESERVES AND FUND BALANCES END OF PERIOD	-	-	7,530	7,530	129,559

Statement XIX
(concluded)

UNITED NATIONS CONSTRUCTION IN PROGRESS a/

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999

(Thousands of United States dollars)

	Construction in Progress			Total	Total
	UNEP	ECA	Undistributed	1999	1997 b.
Assets g/					
Cash and term deposits	-	-	9,690	9,690	12,107
Due from Construction Fund	374	-	(374)	-	-
Other accounts receivable	-	-	47	47	21
Construction-in-progress	– e	– e	–	–	120,567
TOTAL ASSETS	374	–	9,363	9,737	132,695
Liabilities					
Unliquidated obligations	-	-	-	-	1
Due to United Nations General Fund	-	-	1,833	1,833	2,731
Due to UNEP	331	-	-	331	404
Other accounts payable	43	–	–	43	—
TOTAL LIABILITIES	374	–	1,833	2,207	3,136
Reserves and fund balances					
Cumulative surplus	-	-	7,530	7,530	5,442
Capital funds relating to land and buildings	–	–	–	–	124,117
TOTAL RESERVES AND FUND BALANCES	–	–	7,530	7,530	129,559
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	374	–	9,363	9,737	132,695

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a. See note 19

b. Comparative figures have been re-classified to conform to current presentation

c. Expenditure of $2,992,817 incurred for the period is reported as construction-in-progress in the statement of assets, liabilities, reserves and fund balances

d. Cumulative expenditures to date, including gain or loss on exchange and interest on the project loan, are reported as Construction-In-Progress in the statement of assets, liabilities, reserves and fund balances

e. Construction-In-Progress in the amounts of $8,718,558 for UNEP project and $114,842,306 for ECA project has been capitalized and transferred to Capital Asset Fund

f. Unspent balance of $549,675 for UNEP project and $386,187 for ECA project has been transferred to the undistributed fund balance in the Construction Fund

The accompanying notes are an integral part of the financial statements.

Statement XX

UNITED NATIONS TAX EQUALIZATION FUND a/

Statement of income and expenditure and changes in reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

		United States of America	Other Member States	Total 1999	Total 1997
Income					
Staff assessment receipts from					
United Nations Regular Budget b/		80,031	240,093	320,124	356,473
Peace-keeping operations	(Schedule 20.1)	17,412	39,781	57,193	64,189
International Tribunals c/		6,859	17,890	24,749	12,412
TOTAL INCOME		104,302	297,764	402,066	433,074
Expenditure					
Actual and estimated reimbursements to staff members subject to United States income taxes for tax year 1998 and 1999					
Federal income taxes		64,800	-	64,800	66,754
State income taxes		17,200	-	17,200	19,877
City income taxes		7,250	-	7,250	7,215
Social Security taxes		12,750	-	12,750	11,853
Subtotal		102,000	-	102,000	105,699
Credits given to other Member States for					
United Nations Regular Budget		-	238,330	238,330	285,779
Peace-keeping operations	(Schedule 20.1)	-	47,277	47,277	56,500
International Tribunals and Others d/		-	18,221	18,221	5,738
Subtotal		-	303,828	303,828	348,017
Staff and other personnel costs		907	-	907	783
TOTAL EXPENDITURE		102,907	303,828	406,735	454,499
Excess (shortfall) of income over expenditure		1,395	(6,064)	(4,669)	(21,425)
Prior period adjustments e/		(4,698)	-	(4,698)	(8,523)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		(3,303)	(6,064)	(9,367)	(29,948)
Savings on, or cancellation of prior period's obligations		3,317	-	3,317	-
Other adjustments to fund balances f/		11	17,069	17,080	398
Credits to United States of America		-	-	-	(27,344)
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD		(2,702)	(24,935)	(27,637)	29,257
RESERVES AND FUND BALANCES, END OF PERIOD		(2,677)	(13,930)	(16,607)	(27,637)

Statement XX
(concluded)

UNITED NATIONS TAX EQUALIZATION FUND a/

Statement of assets, liabilities, reserves and fund balances as at December 31 1999

(Thousands of United States dollars)

	United States of America	Other Member States	Total 1999	Total 1997
Assets				
Advances outstanding				
Estimated taxes for tax year 1998 and 1999	52,429	-	52,429	49,243
Estimated taxes for prior years	1,093	-	1,093	1,255
Other accounts receivable g/	-	45	45	41
Deferred charges	-	4,296 h/	4,296	121
TOTAL ASSETS	53,522	4,341	57,863	50,660
Liabilities				
Unliquidated obligations -current year	52,759	-	52,759	50,000
Due to United Nations Working Capital Fund	3,440	18,271	21,711	28,297
TOTAL LIABILITIES	56,199	18,271	74,470	78,297
Reserves and fund balances				
Cumulative surplus	(2,677)	(13,930)	(16,607)	(27,637)
TOTAL RESERVES AND FUND BALANCES	(2,677)	(13,930)	(16,607)	(27,637)
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	53,522	4,341	57,863	50,660

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a/ See note 20

b/ The actual revenue from staff assessment for 1998 and 1999 under Section 32 of the United Nations regular budget amounted to $313,802,251 staff assessment credits for prior years of $3,020,218 and credits derived from revenue-producing activities of $3,301,047 increased total income to $320,123,516

c/ Includes staff assessment income of $14,714,707 and $10,034,912 respectively for the International Tribunals for the former Yugoslavia and for Rwanda

d/ Includes credits of $10,718,749 and $6,466,180 respectively against the assessments for the International Tribunal for the former Yugoslavia and International Tribunal for Rwanda, and $1,035,684 Special Account for the United Nations Mission in East Timor

e/ Represents claims reimbursed for prior tax years

f/ Includes adjustments of staff assessment credits to Member States from unencumbered balances of Peace-keeping missions

g/ Represents $22,259 and $22,827 to be charged against the credit of Turkey for the year 2000 and 2001 respectively

h/ Represents deferred staff assessment credits to the Member States for the year 2000

The accompanying notes are an integral part of the financial statements

Schedule 20.1

UNITED NATIONS TAX EQUALIZATION FUND

Income and expenditure for peace-keeping operations for the biennium 1998-1999 ending 31 December 1999

(Thousands of United States dollars)

	United States of America	Other Member States	Total 1999	Total 1997
Income				
Staff assessment receipts from				
United Nations Transitional Administration For Eastern Slavonia, Barania and Western Sirmium	738	1 679	2 417	[illegible]
United Nations Peace-keeping Force in Cyprus	1 104	2 523	3 627	[illegible]
United Nations Observer Mission in Georgia	617	1 392	2 009	[illegible]
United Nations Iraq-Kuwait Observation Mission	991	2 264	3 255	[illegible]
United Nations Interim AdministrationMission in Kosovo	755	1 730	2 485	
United Nations Observer Mission in Liberia	38	87	125	[illegible]
United Nations Mission in Haiti and United Nations Support Mission in Haiti	737	1 683	2 420	[illegible]
United Nations Operation in Mozambique		3	3	[illegible]
United Nations Observer Mission in the Democratic Republic of the Congo	2	4	6	
United Nations Disengagement Observer Force	437	999	1 436	[illegible]
United Nations Interim Force in Lebanon	2 136	4 880	7 016	[illegible]
United Nations Preventive Deployment Force	471	1 075	1 546	[illegible]
United Nations Observer Mission in Sierra Leone	244	558	802	
United Nations Assistance Mission in Rwanda and United Nations Observer Mission in Uganda Rwanda	1	3	4	
United Nations Missions in the Central African Republic	633	1 449	2 082	
United Nations Operation in Somalia	14	32	46	[illegible]
United Nations Mission for the Referendum in Western Sahara	1 508	3 444	4 952	[illegible]
United Nations Transition Authority in Cambodia				
United Nations Observer Mission to Tajikistan	447	[illegible]	[illegible]	[illegible]
United Nations Transitional Administration Authority in East Timor	[illegible]	[illegible]	[illegible]	
United Nations Angola Verification Mission	[illegible]	[illegible]	[illegible]	[illegible]
United Nations Observer Mission in El Salvador	[illegible]	[illegible]		
United Nations Mission in Bosnia and Herzegovina	[illegible]	[illegible]	[illegible]	[illegible]
United Nations Protection Force	[illegible]	[illegible]	[illegible]	[illegible]
United Nations Logistics Base at Brindisi				[illegible]
TOTAL INCOME	[illegible]	[illegible]	[illegible]	[illegible]
Expenditure				
Credits given to Member States for				
United Nations Transitional Administration For Eastern Slavonia, Barania and Western Sirmium		1 491	1 491	[illegible]
United Nations Peace-keeping Force in Cyprus		2 522	2 522	[illegible]
United Nations Observer Mission in Georgia		1 641	1 641	[illegible]
United Nations Iraq-Kuwait Observation Mission		2 780	2 780	[illegible]
United Nations Interim AdministrationMission in Kosovo		3 099	3 099	
United Nations Observer Mission in Liberia		94	94	[illegible]
United Nations Mission in Haiti and United Nations Support Mission in Haiti		1 752	1 752	[illegible]
Military Observer Group of MINUGUA				[illegible]
United Nations Disengagement Observer Force		1 174	1 174	[illegible]
United Nations Interim Force in Lebanon		3 488	3 488	[illegible]
United Nations Preventive Deployment Force		1 741	1 741	[illegible]
United Nations Observer Mission in Sierra Leone		1 098	1 098	
United Nations Assistance Mission in Rwanda and United Nations Observer Mission in Uganda Rwanda		[illegible]	[illegible]	[illegible]
United Nations Missions in the Central African Republic		1 218	1 218	
United Nations Mission for the Referendum in Western Sahara		4 971	4 971	[illegible]
United Nations Transition Authority in Cambodia		[illegible]	[illegible]	
United Nations Observer Mission to Tajikistan		1 592	1 592	[illegible]
United Nations Angola Verification Mission		4 755	4 755	[illegible]
United Nations Observer Mission in El Salvador				[illegible]
United Nations Mission in Bosnia and Herzegovina				[illegible]
United Nations Protection Force		[illegible]	[illegible]	[illegible]
TOTAL EXPENDITURE		[illegible]	[illegible]	[illegible]

Statement XXI

UNITED NATIONS FUNDS HELD IN TRUST a/

Statement of income and expenditure and changes in reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

	After-Service Life Insurance Coverage	Special Account Compensation Awards	Rate Stabilization Reserves for Blue Cross Aetna GHI Van Breda b/	United Nations Staff Life Insurance Reserve b/	Medical Insurance Plan for Field Local Staff	Self Insurance Reserve Fund Headquarters General Liabilities	Geneva and UN Staff Mutual Insurance Society Against Sickness and Accident	Joint Inspection Unit Provident Fund	Total 1999	Total 1997
Income										
Contributions from staff and the United Nations		[illegible]	[illegible]		10 785		61 386		82 981	89 242
Insurance rebates			4 420	538					4 958	1 856
Interest/Investment income	315	[illegible]	3 064	[illegible]	1 933	304	2 731	33	19 355	13 341
Allocations received						400			400	400
Other miscellaneous income		6			2		4		12	96
TOTAL INCOME	315	8 9[illegible]	[illegible]	[illegible]	12 720	704	64 121	33	107 706	104 935
Expenditure										
Staff and other personnel costs							1 299	32	1 331	1 672
Other operating expenses	2	[illegible]	7	[illegible]	7	2	1 869		1 885	6 902
Contractual services			124						124	
Insurance premiums				142					142	539
Insurance Premium Rebate			9 030						9 030	
Claims/indemnities		670			7 142	125	46 942		54 884	62 377
Deficit premium			6 665	188					6 853	5 328
TOTAL EXPENDITURE	2	671	15 826	[illegible]	7 149	127	52 110	32	76 249	76 818
Excess (shortfall) of income over expenditure	313	8 254	[illegible]	[illegible]	5 571	577	12 411	1	31 457	28 117
Prior period adjustments			464	[illegible]	(1 465)		243		(424)	(2)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	313	8 254	[illegible]	[illegible]	4 106	577	12 654	1	31 033	28 115
Other adjustments to reserves and fund balances				[illegible]					1 014	9 314
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Statement XXI
(concluded)

UNITED NATIONS FUNDS HELD-IN-TRUST a/

Statement of assets, liabilities, reserves and fund balances as at 31 December 1999

(Thousands of United States dollars)

	After Service Life Insurance Coverage	Special Accounts Compensation Awards	Rate Stabilization Reserves for Blue Cross Aetna, GHI Van Breda	United Nations Staff Life Insurance Reserves	Medical Insurance Plan for Field Local Staff	Self Insurance Reserve Fund Headquarters General Liabilities	Geneva and UN Staff Mutual Insurance Society Against Sickness and Accident	Joint Inspection Unit Provident Fund	Total 1999	Total 1997
Assets										
Cash and term deposits	1,112	1,442	6,130	624	1,407	1,122	35,041	150	47,028	150,068
Short Term Investments d/		30,997	83,497	8,992	18,289	2,097	16,089		159,961	17,753
Due from United Nations General Fund		1,153	373	46	527				2,099	3,076
Other accounts receivable	14	1,188	1,136	3,995	211	62	1,248	3	7,857	5,429
TOTAL ASSETS	1,126	34,780	91,136	13,657	20,434	3,281	52,378	153	216,945	176,326
Liabilities										
Due to United Nations General Fund			9,039				313		9,352	72
Other accounts payable		13					455		468	1,776
TOTAL LIABILITIES		13	9,039				768		9,820	1,848
Reserves and fund balances										
Operating reserves			11,156	2,903			30,150		44,209	43,555
Cumulative surplus (deficit)	1,126	34,767	70,941	10,754	20,434	3,281	21,460	153	162,916	130,923
TOTAL RESERVES AND FUND BALANCES	1,126	34,767	82,097	13,657	20,434	3,281	51,610	153	207,125	174,478
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	1,126	34,780	91,136	13,657	20,434	3,281	52,378	153	216,945	176,326

a/ See note 21.

b/ Excludes premiums collected and amounts paid to the insurance carriers during the financial period (see Note 21).

c/ Represents changes in reserves held by Aetna.

d/ The market value of short-term investments as at 31 December 1999 is $32,145,217 for Compensation Awards, $83,544,108 for Stabilization Reserves, $9,160,933 for Staff Life Insurance Reserves and $2,161,[illegible] for the Self Insurance Reserve Fund.

The accompanying notes are an integral part of the financial statements.

Statement XXII

SPECIAL ACCOUNT FOR THE SALE OF UNITED NATIONS BONDS a/

Statement of assets, liabilities, reserves and fund balances
as at 31 December 1999
(Thousands of United States dollars)

	1999	1997
Assets		
Due from the Ad Hoc Account for the United Nations Operation in Congo b	35,931	35,931
Due from the Special Account for the United Nations Emergency Force (1956) b	8,117	8,117
TOTAL ASSETS	44,048	44,048
Liabilities		
Total bonds sold	169,906	169,906
Amortized to December 1989	(166,653)	(166,653)
Net gain on exchange	(3,253)	(3,253)
UNITED NATIONS BONDS OUTSTANDING	-	-
Reserves and fund balances		
Cumulative surplus	44,048	44,048
TOTAL RESERVES AND FUND BALANCES	44,048	44,048

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a See note 22.

b Disposal of this amount will be subject of a separate report to the General Assembly.

The accompanying notes are an integral part of the financial statements.

Statement XXIII

INTEGRATED MANAGEMENT INFORMATION SYSTEM (IMIS) a/

Statement of income and expenditure and changes in reserves and fund balances
for the biennium 1998-1999 ending 31 December 1999
(Thousands of United States dollars)

	1999	1997 b/
Income		
Allocations from other funds	8,995 c/	14,442
Interest income	1,434	1,706
TOTAL INCOME	10,429	16,148
Expenditure d/	13,203	14,112
TOTAL EXPENDITURE	13,203	14,112
Excess (shortfall) of income over expenditure	(2,774)	2,036
NET EXCESS OF INCOME OVER EXPENDITURE	(2,774)	2,036
Savings on, or cancellation of prior period's obligations	100	-
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD d/	11,565	9,529
RESERVES AND FUND BALANCES, END OF PERIOD	8,891	11,565

Statement of assets, liabilities, reserves and fund balances
as at 31 December 1999
(Thousands of United States dollars)

	1999	1997 b/
Assets		
Due from United Nations General Fund	11,271	15,909
Other accounts receivable	174	53
Deferred charges	-	4
TOTAL ASSETS	11,445	15,966
Liabilities		
Unliquidated obligations e/	2,501	4,373
Other accounts payable	53	28
TOTAL LIABILITIES	2,554	4,401
Reserves and fund balances		
Cumulative surplus	8,891	11,565
TOTAL RESERVES AND FUND BALANCES	8,891	11,565
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	11,445	15,966

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a/ See note 23.

b/ Comparative figures have been reclassified to conform to current presentation.

c/ Represents transfer of $2,500,000 of unencumbered balance from the UN regular budget for the biennium 1996-1997 pursuant to the General Assembly decision 52/462, and appropriation of $3,300,000 and $3,195,300 from the UN regular budget for 1998 and 1999, respectively.

d/ Reflects a change in accounting treatment of the IMIS expenditures. As at 31 December 1997, the amount was reflected under the financial statement XVIII for the project of a multi-year nature as an asset titled "Cumulative IMIS expenditures to date".

e/ Due to the nature of a multi-year project, the unliquidated obligations are carried forward to suceeding biennia.

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements

Note 1
The United Nations and its activities

(a) The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization's primary objectives, to be implemented through its five major organs, are as follows:

(i) The maintenance of international peace and security;

(ii) The promotion of international economic, social progress and development programmes;

(iii) The universal observance of human rights;

(iv) The administration of international justice and law;

(v) The development of self-government for Trust Territories.

(b) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the Organization.

(c) Under the direction of the Security Council, the Organization has been involved in various aspects of peacekeeping and peacemaking, including efforts towards resolving conflicts, restoring democracy, promoting disarmament, providing electoral assistance, facilitating post-conflict peace-building, engaging in humanitarian activities to ensure survival of groups deprived of basic needs and overseeing the prosecution of persons responsible for serious violations of international humanitarian law.

(d) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in other United Nations organizations efforts to address international economic, social and health problems.

(e) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions.

(f) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

Note 2
Summary of significant accounting and financial reporting policies of the United Nations

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations and administrative instructions issued by the Under-Secretary-General for Management or the Controller. They also take fully into account the common accounting standards for the United Nations system, as adopted by the Administrative Committee on Coordination. The General Assembly took note of those standards in its resolution 48/216 C of 23 December 1993. The Organization follows international accounting standard 1 on the disclosure of accounting policies, as modified and adopted by the Consultative Committee on Administrative Questions at its fifty-fourth session, as shown below:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed, together with the reasons;

(ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or that may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Organization's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council, or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(c) The financial period of the Organization is a biennium and consists of two consecutive calendar years for all funds other than peacekeeping accounts, which are reported on a fiscal year basis covering the period 1 July to 30 June.

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting. For assessed income, the policy in paragraph (j) (ii) below applies.

(e) The accounts of the Organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at a rate of exchange established by the Under-Secretary-General for Management. In respect of such currencies, the financial statements, prepared at such intervals as may be prescribed by the Controller under delegation of authority from the Under-Secretary-General for Management, shall reflect the cash, investments, unpaid pledges, and current accounts receivable and payable in currencies other than the United States dollar, translated at the applicable United Nations rate of exchange in effect as at the date of the statement. In the event that the application of an actual exchange rate at the date of the statement would provide a valuation materially different from the application of the Organization's rate of exchange for the last month of the financial period, a footnote will be provided quantifying the difference.

(f) The Organization's financial statements are prepared on the historical cost basis of accounting, and are not adjusted to reflect the effects of changing prices for goods and services.

(g) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Consultative Committee on Administrative Questions (Financial and Budgetary Questions) Working Party on Financial Statements.

(h) The results of the Organization's operations presented in statements I, II and III are summarized by general type of activity and are shown on a consolidated basis for funds other than those that are reported on separately, after the elimination of all inter-fund balances and instances of double-counting of income and expenditure. Their presentation on a consolidated basis does not imply that the various separate funds can be intermingled in any way, since normally resources may not be utilized between funds.

(i) Separate financial statements are issued for the United Nations general and related funds, the United Nations escrow account, the International Tribunal for the Former Yugoslavia, the International Criminal Tribunal for Rwanda and the peacekeeping accounts, which are reported separately on a fiscal year basis covering the period from 1 July to 30 June.

(j) Income:

(i) Amounts necessary to finance the activities of the United Nations regular budget and peacekeeping operations, the International Tribunal for the Former Yugoslavia, the International Criminal Tribunal for Rwanda, the United Nations Mission in East Timor and the Working Capital Fund are assessed to Member States in a manner determined by the General Assembly;

(ii) For purposes of financial statement reporting, income is recognized when assessments to Member States have been authorized by the General Assembly. Neither appropriations nor spending authorities are recognized as approved;

(iii) Amounts assessed on non-member States that agree to pay reimbursement of costs for their participation in the Organization's treaties, organs and conferences are credited to miscellaneous income;

(iv) Voluntary contributions from Member States or other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period;

(v) Income from revenue-producing activities (including activities handled by outside contractors) is shown in the financial statements on a net basis, after the subtraction of directly related operating expenditures;

(vi) Income received under inter-organizational arrangements represents allocations of funding from agencies to enable the Organization to administer projects or other programmes on their behalf;

(vii) Allocations from other funds represent monies appropriated or designated from one fund for the transfer to and disbursement from another fund;

(viii) Income from jointly financed activities represents payments by other organizations for their share of joint costs paid for by the Organization;

(ix) Income for services rendered include reimbursements for salaries of staff members and other costs that are attributable to providing technical and administrative support to other organizations;

(x) Interest income includes all interest and related investment income earned on deposits in various bank accounts, time deposits and other marketable securities. Investment income is reported net of realized and unrealized loss;

(xi) Miscellaneous income includes income from rental of premises, sale of used or surplus property, refunds of expenditures charged to prior periods, income from net gains resulting from currency translations, settlements of insurance claims, monies accepted for which no purpose was specified and other sundry income.

(k) Expenditure:

(i) Expenditures are incurred against authorized allotments. Total expenditures reported include unliquidated obligations and disbursements;

(ii) Expenditures incurred for non-expendable property are charged to the budget of the period when acquired and are not capitalized. Inventory of such non-expendable property is maintained at historical cost;

(iii) Expenditures for future financial periods are not charged to the current financial period and are recorded as deferred charges as referred to in item (l) (iv) below.

(l) Assets:

(i) Cash and term deposits comprise funds on deposit in interest-bearing bank accounts, certificates of deposit and call accounts;

(ii) Investments include securities acquired by the Organization to produce income. Investments are stated at the lower of cost or market value, taking into account changes in value arising from the translation of foreign currency. The market value of securities is disclosed in the footnotes to the financial statements;

(iii) Assessed contributions represent legal obligations of contributors and, therefore, the balances of unpaid assessed contributions due from Member States are reported irrespective of collectability. It is the policy of the United Nations not to make provision for delays in the collection of such assessments;

(iv) Deferred charges normally comprise expenditure items that are not properly chargeable in the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 110.6. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery;

(v) For purposes of balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled;

(vi) Construction in progress is shown in the accounts as such until completion of the construction project, at which time the completed construction projects, together with the cost of the land, are reflected as capital assets of the Organization;

(vii) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is recorded in memorandum accounts and is disclosed in the notes to the financial statements.

(m) Liabilities, reserves and fund balances:

(i) Operating and other types of reserves are included in the totals for reserves and fund balances shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred income includes contributions pledged for future periods, advance sales realized under revenue-producing activities and other income received but not yet earned;

(iv) Commitments of the Organization relating to prior, current and future financial periods are shown as unliquidated obligations. Current period obligations related to the regular budget and special accounts remain valid for 12 months following the end of the biennium to which they relate. Obligations for most technical cooperation activities remain valid for 12 months after the end of each calendar year. Unliquidated obligations relating to funds of a multi-year nature remain valid until the completion of the project.

(n) Technical cooperation activities:

(i) The technical cooperation financial statement reports on activities financed by UNDP, UNFPA, UNEP and other sources. The expenditure for the regular programme of technical cooperation, funded under section 21 of the regular budget, together with corresponding amounts of contribution income are also reflected in the technical cooperation financial statement;

(ii) The appropriation for the regular programme of technical cooperation of the regular budget is administered in accordance with the financial regulations of the Organization. Unliquidated obligations for the regular programme of technical cooperation that are outstanding at the end of a financial period are transferred from the United Nations General Fund accounts to the technical cooperation accounts in the following financial period;

(iii) Allocation income — UNDP, UNFPA and UNEP. The figures for allocation income from UNDP, UNFPA and UNEP are the same as reported for total expenditure in line with UNDP, UNFPA and UNEP procedures, which require that allocations be adjusted to equal actual expenditure;

(iv) Contribution income — trust funds. Contributions from Member States or other donors are recorded upon receipt of the contribution or written pledge;

(v) Interest and miscellaneous income. Miscellaneous income arising from regular budget activities is credited to miscellaneous income of the General Fund. Interest and miscellaneous income arising from UNDP, UNFPA and UNEP activities are credited to the operating fund accounts maintained with those organizations. Interest and miscellaneous income for technical cooperation trust funds are credited to the trust funds concerned;

(vi) Unspent allocations/deferred income — UNDP, UNFPA and UNEP. The unspent balance of allocations issued for the current year together with allocations issued for future years is reflected as an asset and as deferred income. Unspent allocations for UNDP-financed projects and UNDP-administered trust funds are based on the project budgets. Unspent allocations for UNFPA-financed projects and UNEP projects are based on allocation advices issued by those organizations;

(vii) Unliquidated obligations for the current period in respect of all technical cooperation activities other than the regular budget remain valid for 12 months following the end of the calendar year, rather than the biennium, to which they relate. However, in accordance with UNDP/UNFPA reporting requirements, executing agencies may retain unliquidated obligations beyond 12 months when a firm liability to pay still exists; such liabilities are reported as accounts payable in the financial statements. Savings in the liquidation of prior period obligations are credited to individual projects as a reduction of current period expenditure in accordance with UNDP/UNFPA reporting requirements;

(viii) In accordance with UNDP/UNFPA reporting requirements, unliquidated obligations are reflected in the accounts but are not reported as part of the expenditure for the interim period; they are reported as such only at year's end. For interim periods, current-year unliquidated obligations for UNDP, UNFPA and the technical cooperation trust funds are reported as deferred charges and as liabilities;

(ix) A system of average costing is used for UNDP/UNFPA projects whereby those elements of experts' actual costs that are unique to the individual expert are charged to UNDP/UNFPA projects at average cost. This is calculated by apportioning those costs over all UNDP or UNFPA projects in respect of which expert-months have been delivered in the current period;

(x) Provision for repatriation grant entitlement is calculated on the basis of 8 per cent of net base pay for all project personnel, except those subject to average costing;

(xi) During the biennium 1998-1999, distribution of interest income for 1999 was calculated using the percentage participation of each fund based on the monthly average fund balance.

(o) Trust Funds established by the General Assembly or the Secretary-General are of two types — general trust funds and technical cooperation trust funds.

(i) Accounts for general trust funds are maintained under the same accounting procedures as those adopted for the regular budget;

(ii) Accounts for technical cooperation trust funds and for the United Nations Population Fund-United Nations Work Programme general trust fund are accounted for on the same basis as described above for technical cooperation activities;

(iii) Extrabudgetary funds provided to reimburse the Organization for the use of its facilities are not treated as trust funds. Any unspent balances of such funds held by the Organization are included as part of accounts payable totals reported in the General Fund (statement V).

(p) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined-benefit plan. The financial obligation of the Organization to UNJSPF consists of its mandated contribution at the rate established by the Assembly together with its share of any actuarial deficiency payments that might become payable pursuant to article 26 of the Regulations of the Fund.

Note 3
All funds summaries: income and expenditure and changes in reserves and fund balances (statement I); assets, liabilities, reserves and fund balances (statement II); cash flow (statement III)

(a) Statements I, II and III contain financial results for United Nations funds, which are totalled into four groups of related funds, and, after elimination, consolidated into a grand total reflecting all activities of the Organization. This consolidated presentation should not be interpreted to mean that any of the individual funds can be used for any purpose other than that for which it is authorized. The four groups consist of:

(i) General Fund and related funds, which includes the United Nations General Fund (statement V), the United Nations Working Capital Fund (statement VI), the United Nations Special Account (statement VII) and United Nations jointly financed activities (statement VIII);

(ii) Technical cooperation activities, which include the financial results reflected in statement IX;

(iii) General trust funds, which include the financial results summarized in statement X;

(iv) Other special funds, which include other United Nations funds maintained for a variety of purposes (statements XI-XXIII).

(b) Statement I includes two calculations of the excess (shortfall) of income over expenditure. The first calculation is based on income and expenditure only for the current period in the biennium. The second calculation shown is a net one, which includes any prior period adjustments to income or expenditure.

(c) The cash flow summary statement is based on the indirect method of cash flow statements covered by international accounting standard number 7.

(d) Due to a change in the fiscal year for peacekeeping operations to 1 July to 30 June, those activities are not shown in the consolidated statements, but rather are shown separately in the peacekeeping financial statements.

Note 4
General Fund: statement of appropriations (statement IV)

In accordance with General Assembly resolutions 52/221 A, 53/215 A, 53/219 and 54/247 A, the final budget appropriations and gross assessments for the biennium 1998-1999 are as follows:

	1998	*1999*	*Total 1998-1999*
	(Thousands of United States dollars)		
Budget appropriation (resolution 52/221 A)	1 266 166	1 266 166	2 532 332
Less: Decreased appropriation for the biennium 1998-1999 (resolution 53/215 A)	-	5 628	5 628
Decreased appropriation for the biennium 1998-1999 (resolution 54/247 A)	-	41 602	41 602
Add: Increased appropriation for the biennium 1998-1999 (resolution 53/219)	-	3 200	3 200
Total 1998-1999 final budget appropriation	**1 266 166**	**1 222 136**	**2 488 302**
Estimated income (other than staff assessment) for the biennium 1998-1999 (resolution 52/221 B)	19 177	19 177	38 354
Less: Decrease in income (other than staff assessment) for the biennium 1998-1999 (resolution 53/215 B)	-	461	461
Add: Increase in income (other than staff assessment) for the biennium 1998-1999 (resolution 54/247 B)	-	3 775	3 775
Total 1998-1999 final estimated income	**19 177**	**22 491**	**41 668**
Total 1998-1999 final budget appropriation less total final estimated income	**1 246 989**	**1 199 645**	**2 446 634**
Add: Decrease in income (other than staff assessment) for the biennium 1996-1997 (resolution 52/213 B)	5 239	-	5 239
Decrease in revised appropriation for the biennium 1998-1999 (resolution 54/247 B)	-	41 602	41 602
Increase in income (other than staff assessment) for the biennium 1998-1999 (resolution 54/247 B)	-	3 775	3 775
Less: Decrease in revised appropriation for the biennium 1996-1997 (resolution 52/213 A)	61 209	-	61 209
Contributions of new Member States for 1995	109	-	109
Balance of surplus account at 31 December 1997 applied in 1999 (resolution 53/215 C)	-	24 240	24 240
Increase in revised appropriation for the biennium 1998-1999 (resolution 53/219)	-	3 200	3 200
Gross amount assessed on Member States in the biennium 1998-1999	**1 190 909**	**1 217 582**	**2 408 492**

Note 5
General Fund (statement V)

(a) Cash and term deposits:

(i) The cash and term deposits figure shown represents the net total of all cash balances (including funds held in non-convertible currencies) less any overdrafts;

(ii) The United States dollar equivalent of the non-convertible currencies held as at 31 December 1999 is as follows: Afghanistan afganis: $23.90.

(b) Assessed contributions unpaid:

(i) In accordance with financial regulation 5.6, payments made by a Member State are credited first to the Working Capital Fund and then to regular budget contributions due, in the order in which the Member State was assessed;

(ii) Certain Member States have indicated that they do not intend to pay some of their assessed contributions or that such contributions will be paid only under certain conditions. A number of Member States have requested that attention be drawn to their positions as stated by their delegations at successive sessions of the General Assembly. They do not consider themselves bound to pay their estimated share of certain expenditure items included in the Organization's regular budget, such as the United Nations bond issue. Prior to 1975, withholdings by those Member States included their estimated shares of the United Nations Commission for the Unification and Rehabilitation of Korea and the United Nations Memorial Cemetery in Korea. Prior to 1968, there were withholdings for the United Nations Truce Supervision Organization;

(iii) Certain Member States have also stated that they do not consider themselves bound to particular expenditure items included in the United Nations regular budget, such as those for the Committee on the Exercise of the Inalienable Rights of the Palestinian People and the Special Unit on Palestinian Rights, the International Conference on the Question of Palestine, the International Conference on the Alliance between South Africa and Israel, the Preparatory Commission for the United Nations Conference on the Law the Sea, the United Nations International School, the grants in aid to cover the deficit of UNITAR, the International Conference on Kampuchea and the expenses involved in transferring extrabudgetary posts to the regular budget;

(iv) As a result of the positions taken by some Member States as outlined above, it is estimated that as at 31 December 1999 a cumulative total of $56.7 million will have been withheld from the payments of two Member States. This estimate is included in the total contributions outstanding as at 31 December 1999 of $244.2 million with respect to the regular budget;

(v) The assessed contributions receivable, as shown in the accounts for the period ended 31 December 1999, have been recorded in accordance with the Financial Rules of the United Nations, the relevant resolutions of the General Assembly and the policy of the United Nations. With reference to the amounts shown as unpaid, certain Member States have indicated that they do not intend to pay some of the assessed contributions or that such contributions will be paid only under certain conditions. Based on United Nations policy as stated in note 2, paragraph (l) (iii) above, no provision has been made for delays in the collection of outstanding assessed contributions;

(vi) The assessed contributions receivable shown in statement V exclude $16.6 million in unpaid assessed contributions to the regular budget by China for the period up to 24 October 1971. Following the General Assembly's adoption on 25 October 1971 of resolution 2758 (XXIV), entitled "Restoration of the lawful rights of the People's Republic of China in the United Nations", that amount has been transferred to a special account under Assembly resolution 3049 C (XXVII) of 19 December 1972;

(vii) The report on the status of contributions as at 31 December 1999 (ST/ADM/SER.B/554, annex II) shows regular budget unpaid assessed contributions of $244,234,425.

(c) Accounts receivable. Following is an analysis of the accounts receivable included in statement V as at 31 December 1999 and 1997:

	1999	*1997*[a]
	(millions of United States dollars)	
Government	8.5	3.7
Staff members	22.4	6.7
Vendors	8.2	7.4
Specialized agencies	15.9	13.2
Other entities	75.6	43.4
Others	0.5	22.0
Total[a]	**131.1**	**96.4**

[a] Comparative figures have been reclassified to conform to the current presentation.

(d) Inter-fund balances reflect transactions between the United Nations General Fund and other United Nations funds that are normally settled in the subsequent period. Any inter-fund balance existing between the United Nations General Fund, the Working Capital Fund and the Special Fund are settled only when the liquidity of the General Fund permits. Inter-fund indebtedness with the General Fund is not restricted to direct transactions between the United Nations General Fund and other funds. Normal direct transactions between funds other than the United Nations General Fund are reported as indebtedness from the General Fund to the fund owed and indebtedness to the General Fund from the fund owing. The following table is a breakdown of the inter-fund balances:

	1999	*1997*[a]
	(millions of United States dollars)	
Inter-fund balances receivable		
United Nations jointly financed activities (statement VIII)	5.3	-
United Nations technical cooperation activities (statement IX)	22.2	2.1
United Nations general trust funds (statement X)	9.2	39.7
Special account for activities approved under Security Council resolution 687 (statement XIII)	-	11.1
United Nations Mission in East Timor (statement XV)	10.7	-
Special accounts for programme support costs (statement XVII)	16.2	3.5
United Nations construction in progress (statement XIX)	1.8	2.7
United Nations funds held in trust (statement XXI)	9.3	0.1
International Tribunal for the Former Yugoslavia[b]	5.7	2.7
International Criminal Tribunal for Rwanda[b]	10.5	7.9
United Nations escrow account established under the provisions of Security Council resolution 986 (1995)[b]	531.3	117.3
United Nations peacekeeping operations[c]	99.8	96.6
Total	**722.0**	**283.7**
Inter-fund balances payable		
United Nations technical cooperation activities (statement IX)	42.1	31.2
United Nations general trust funds (statement X)	1.2	3.6
United Nations escrow account established under the provisions of Security Council resolutions 706 (1991) and 778 (1992) (statement XI)	-	1.3
United Nations Compensation Commission (statement XII)	248.2	50.4
Special account for activities approved under Security Council resolutions 687 (1991) and 706 (1991) (statement XIII)	5.9	-
United Nations Central Emergency Revolving Fund (statement XIV)	6.7	-
United Nations Mission in East Timor (statement XV)	8.5	-
Special multi-year account for supplementary development activities (statement XVI)	12.2	-
Special accounts for programme support costs (statement XVII)	5.7	5.1
United Nations funds held in trust (statement XXI)	2.1	3.1
Integrated Management Information System (statement XXIII)	11.3	15.9
United Nations escrow account established under the provisions of Security Council resolution 986 (1995)[b]	277.7	48.3
United Nations peacekeeping operations[c]	47.2	44.1
Total	**666.8**	**203.0**

[a] Comparative figures have been reclassified to conform to the current presentation.

[b] The inter-fund balances for the tribunals and the United Nations escrow account are reported in separate sets of financial statements.

[c] The peacekeeping operation inter-fund is presented in the aggregate, as financial statements for peacekeeping operations are reported separately on a fiscal year basis (1 July-30 June).

(e) Deferred charges. The totals below provide a comparison of the amounts shown in statement V as deferred charges as at 31 December 1999 and 1997:

	1999	*1997*[a]
	(millions of United States dollars)	
Education grant advances	9.0	8.4
Commitments against future years[b]	44.0	85.0
Other	4.5	5.2
Total	**57.5**	**98.6**

[a] Represents reserves for obligations from 2001 to 2007.

[b] Represents reserves for obligations from 1998 to 2007.

(f) Non-expendable property. In accordance with United Nations accounting policies, non-expendable property is not included in the fixed assets of the Organization but is charged against the current appropriations when acquired. The following table shows the non-expendable property expressed in millions of United States dollars, at Headquarters and other locations, according to the cumulative inventory records of the United Nations:

	1999	*1997*
	(millions of United States dollars)	
Headquarters	86.8	84.7
MINUGUA	7.9	8.8
United Nations Administrative Unit — Baghdad	3.9	4.8
International Court of Justice	2.2	2.2
United Nations Office at Vienna	5.4	5.8
UNEP and United Nations Office at Nairobi	13.1	7.7
UNCHS	1.4	1.0
United Nations Office at Geneva	33.5	30.2
ESCWA	2.0	1.6
ECLAC, Mexico	0.6	0.5
ECLAC, Santiago	2.5	3.1
ESCAP	5.4	5.5
ECA	14.5	5.4
UNMOGIP	5.0	0.5
UNTSO	10.2	7.9
UNSMA	1.4	0.6
UN information centre offices	4.9	4.2
Total	**200.7**	**174.5**

The non-expendable inventory costs for United Nations technical cooperation projects as at 31 December 1999 is $183.97 million.

(g) Accounts payable. The following comparison of accounts payable appears in statement V as at 31 December 1999 and 1997:

	1999	*1997*
	(millions of United States dollars)	
Governments	17.9	5.8
Staff members	4.2	7.0
Vendors	21.5	13.9
Specialized agencies	3.7	8.9
Due to other United Nations entities	29.9	12.0
Provisions for repatriation grant	5.3	3.5
Proceeds of awards pending disposition[a]	0.8	0.9
Other	6.5	2.2
Total	**89.8**	**54.2**

[a] Includes awards from Nobel Peace Prize, Olaf Palme Prize and Hastings Foundation.

(h) Deferred income. Deferred income as at 31 December 1999 and 1997 is shown in statement V as follows:

	1999	*1997*
	(millions of United States dollars)	
UNPA customers' subscription deposits	1.0	1.5
Other[a]	6.0[a]	2.2
Total	**7.0**	**3.7**

[a] Includes $4.9 million recovered from user departments and offices for telecommunication services, to be disposed of after establishment of new arrangements for telecommunications cost recovery.

(i) Reserves and fund balances. The surplus account of the United Nations General Fund represents funds available for credit to Member States arising from unobligated balances of appropriations, savings in the liquidation of obligations for prior periods, contributions from new Member States and other designated income. The balance of the surplus account is to be offset against future assessments in accordance with the provisions of financial regulation 5.2 (d), unless the General Assembly decides otherwise.

The following table shows the composition of total reserves and fund balances at 31 December 1999 and 1997:

		1999	1997
		(thousands of United States dollars)	
Authorized retained surpluses as established by:			
General Assembly resolutions 2947 A and B (XXVII)		3 938	3 938
General Assembly resolution 36/116 B	45 480		
Less: Write-off of arrears for South Africa[a]	19 100	26 380	26 380
General Assembly resolution 40/241 B	10 532		
Less: Write-off of arrears for South Africa[a]	4 423	6 109	6 109
General Assembly resolution 42/216 A	154 881		
Less: Transfer to peacekeeping reserve fund[b]	82 601		
Less: Write-off of arrears for South Africa[a]	30 359	41 921	41 921
Total authorized retained surplus		**78 348**	**78 348**
Less: Funding of UNITAR building[c]		9 992	9 992
Net authorized retained surplus		68 356	68 356
Cumulative surplus			
Excess of income over expenditure		51 160	91 280
Savings in liquidation of prior period obligations		24 959	13 617
Credits to Member States		-	10 125
Other adjustments to fund balance		(5 346)	(377)
Prior period adjustments		-	(25 202)
New Member States' contributions		-	109
Total cumulative surplus		**70 773**	**89 646**
Total reserves and fund balances		**139 129**	**158 002**

[a] General Assembly resolution 50/83 of 15 December 1995.

[b] General Assembly resolution 47/217 of 23 December 1992.

[c] General Assembly resolution 47/227 of 8 April 1993.

Note 6
Working Capital Fund (statement VI)

In accordance with General Assembly resolution 50/218 of 23 December 1995, the United Nations Working Capital Fund was established in the amount of $100 million for the biennium 1998-1999. As at 31 December 1999 the Working Capital Fund had principal of $100 million.

Note 7
Special Account (statement VII)

Under the provisions of General Assembly resolutions 2053 A (XX) of 15 December 1965 and 3049 A (XXVII) of December 1972, the United Nations Special Account has received voluntary contributions from Member States and private donors in order to overcome the financial difficulties of the United Nations and to resolve the Organization's short-term deficit.

Note 8
Jointly financed activities (statement VIII)

As a result of the introduction of net budgeting as endorsed by the General Assembly in its resolution 52/220 of 22 December 1997, the costs of the International Civil Service Commission, the Joint Inspection Unit, conference services and security services (Vienna) are charged directly to the fund established for these jointly financed activities. The costs of the Consultative Committee on Administrative Questions (Financial and Budgetary Questions), the Information Systems Coordinating Committee and the Consultative Committee on Programme and Operational Activities are also accounted for under this special fund. These costs, when incurred, are charged directly to the fund and are shown by participating organization. The amounts paid by participating organizations are credited to income.

Note 9
Technical cooperation activities (statement IX)

(a) The amount of $41.5 million shown in statement IX as receivable from funding sources represents unliquidated obligations in respect of which funds will be requested only as payments become due in accordance with existing arrangements with UNDP, UNFPA and UNEP.

(b) The $134.40 million in cash and term deposits includes the following United States dollar equivalent amounts of non-convertible currencies:

	1999	*1997*
Chinese yuan	47 223	138 811
Indian rupee	113 808	129 351
Indonesian rupiah	26 696	17 066
Total	**187 727**	**285 228**

(c) Statement IX excludes expenditures of nationally executed UNDP projects executed on a cooperating agency basis and projects executed on an associated agency basis by the following offices:

	National execution[a]	*Associated agency*[b]
United Nations Headquarters	14 685 961	499 254
Economic Commission for Latin America and the Caribbean	-	129 219
Economic and Social Commission for Western Asia	-	-
Economic Commission for Europe	-	602 339
United Nations Centre for Human Settlements	-	5 103 248
United Nations Conference on Trade and Development	-	5 603 731
Economic Commission for Africa	158 857	1 444 822
Total	**14 844 818**	**13 382 613**

[a] National execution project expenditures executed by the United Nations on a cooperating agency basis are reported separately by the United Nations to UNDP. National execution project expenditures are reported in full to UNDP by Governments.

[b] Project expenditures executed by the United Nations on an associated agency basis are reported fully in the executing agencies' own financial statements.

The programme support cost income earned from these activities is disclosed in schedule 17.1.

Note 10
General Trust Funds (statement X)

(a) The following 24 new trust funds were established during the biennium 1998-1999 ended 31 December 1999 (internal accounting codes appear in parentheses):

Trust Fund for the Participation of the Developing Countries in the Work of the Preparatory Committee on the Establishment of an International Criminal Court and in the 1998 Diplomatic Conference of Plenipotentiaries (BJA)

Trust Fund to Support Public Information and Related Efforts in United Nations Peacekeeping Operations (BKA)

Trust Fund for Convention Events Organized by the Convention to Combat Desertification Secretariat (BMA)

Trust Fund in Support of the Delimitation and Demarcation of the Ethiopia-Eritrea Border (BOA)

Trust Fund for the Implementation of the Ottawa Convention on Landmines (BQA)

Trust Fund for the Consolidation of Peace through Practical Disarmament Measures (BWA)

Trust Fund to Support the ECOMOG Interposition Force in Guinea-Bissau (GWA)

Trust Fund in Support of the Activities of the United Nations Peace-building Support Office in Guinea-Bissau (GYA)

Trust Fund for Human Security (HYA)

Trust Fund for the Millennium Assembly and the Millennium Summit of the United Nations (JTA)

Trust Fund to Support the United Nations Interim Administration in Kosovo (KDA)

Trust Fund for Sierra Leone (LWA)

Sub-account under the Trust Fund in Support of Special Missions and Other Activities related to Preventive Diplomacy and Peacemaking (LZA)

Trust Fund to Support the Peace Process in the Democratic Republic of the Congo (NGA)

Trust Fund for Children and Armed Conflict (NNA)

Sub-account for Promoting the Integrated Regional Information Network of the Office for the Coordination of Humanitarian Affairs (IRIN) under the Trust Fund for the Strengthening of the Office for the Coordination of Humanitarian Affairs (Fund DDA) (QTA)

Trust Fund for the Support of Activities of the United Nations Mission in the Central African Republic (RQA)

Trust Fund to Support the Multinational Force Deployed in East Timor (TMA)

Trust Fund for the Settlement of the Question of East Timor (TYA)

Trust Fund for Security of Staff Members of the United Nations System (UGA)

Special Fund for Participation of Representatives of Eligible States Parties Affected by Desertification and/or Drought in the Sessions of the Conference of the Parties and Its Subsidiary Bodies (UVA)

Special Fund for the Voluntary Financing of Activities under the United Nations Convention to Combat Desertification (UWA)

Special Account for the Core Budget of the United Nations Convention to Combat Desertification (UXA)

Trust Fund for the United Nations Transnational Authority in East Timor (UZA)

(b) The following 18 funds were closed during the biennium 1998-1999:

Trust Fund for the Support of Troops Participating in MISAB (BCA)

Trust Fund for the Common Costs of the Bosnia and Herzegovina Command (BHA)

Trust Fund for Demining Activities in UNPROFOR (DYA)

Trust Fund for Police Assistance Programme in Eastern Slavonia (EBA)

Trust Fund for the Programme on Interrelationships between Resources, Environment, People and Development (FHA)

Trust Fund for Assistance to Lebanon (FLA)

Trust Fund for Assistance to Mozambique (FMA)

Trust Fund to Support the ECOMOG Interposition Force in Guinea-Bissau (GWA)

Trust Fund for Electoral Assistance to Haiti (HEA)

Trust Fund for Haiti to Finance the Cost of Construction Materials (HMA)

Trust Fund to Provide Goods and Services to the International Police-Monitoring Programme and Other Specifically Designated Purposes in Haiti (HPA)

Trust Fund for the Monitoring, Review and Appraisal of the Implementation of the Nairobi Forward-looking Strategies (IAA)

Sub-account for the Trust Fund for the Monitoring, Review and Appraisal of the Implementation of the Nairobi Forward-looking Strategies (IFA)

Special Account for the Preparatory Commission for the International Seabed Authority and the International Tribunal for the Law of the Sea for Pioneer Investor Application Fees (ISA)

Trust Fund for the Fiftieth Anniversary Celebrations (LAA)

Trust Fund for the Implementation of the Peace Process in Mozambique (MZA)

Trust Fund for the Taejon International Expo'93 (TIA)

Trust Fund for the Commission of Inquiry in Burundi (YVA)

(c) As at 31 December 1999 there were 195 general trust funds. The Trust Fund to Support the Peace Process in the Democratic Republic of the Congo (NGA) had no activity.

(d) The United Nations Fund for International Partnerships, a trust fund administered by the Secretary-General, was established by the United Nations in 1998 following an agreement signed by the United Nations and the United Nations Foundation, Inc., a not-for-profit corporation organized under the laws of the State of New York of the United States of America. Funding is provided by the Foundation to assist and support the United Nations in achieving the goals and objectives of the Charter of the United Nations. UNFIP, through its administrative office, works with the Foundation to identify and select projects and activities to be funded by the Foundation, receives and distributes the funds for such projects and activities and monitors and reports to the Foundation on the use of the funds.

As at 31 December 1999, UNFIP had remitted a total of $72.4 million for 65 project activities to implementing partners, as follows:

Implementing partner	Amount remitted	Disbursements reported	Balance
	(thousands of United States dollars)		
UNDP	5 618.0	1 374.2	4 243.8
UNFPA	8 347.3	4 498.5	3 848.8
UNICEF	20 114.4	1 872.2	18 242.2
UNEP	1 618.6	887.4	731.2
UNDCP	150.0	150.0	-
UNIFEM	2 710.8	974.5	1 736.3
UNCHS	707.7	242.4	465.3
WHO	28 896.5	12 174.5	16 722.0
UNCTAD	793.0	511.5	281.5
ECLAC-Mexico	22.8	4.2	18.6
UNHCR	1 668.0	271.2	1 396.8
OHCHR	358.9	-	358.9
ILO	503.1	-	503.1
FAO	442.1	-	442.1
UNESCO	485.4	-	485.4
Total	**72 436.6**	**22 960.6**	**49 476.0**

(e) The activities of the Trust Fund for the Settlement of the Question of East Timor (TYA) are being reported together with those of the United Nations Mission in East Timor (TZA) in statement XV.

Note 11
United Nations escrow account established under the provisions of Security Council resolutions 706 (1991) and 778 (1992) (statement XI)

(a) An escrow account administered by the Secretary-General was established by the United Nations in 1992 as provided for in Security Council resolutions 706 (1991) and 712 (1991). It was to consist of Iraqi funds from the sale of oil to be used for payment by the United Nations Compensation Commission, the full costs of carrying out the tasks authorized by section C of resolution 687 (1991), the full costs incurred by the United Nations in facilitating the return of all Kuwaiti property seized by Iraq, half the costs of the Boundary Commission, the cost to the United Nations of implementing resolution 706 (1991) and other necessary humanitarian activities in Iraq.

With the refusal of Iraq to sell oil under the provisions of Security Council resolutions 706 (1991) and 712 (1991), the Security Council, on 2 October 1992, adopted resolution 778 (1992) as an alternative means of providing funds for the purposes specified. Member States in which there were petroleum products owned by Iraq or Member States with funds of the Government of Iraq representing the proceeds of petroleum sales, which had been paid for by the purchaser after 6 August 1990, were required to transfer some or all of these funds to the escrow account. Additionally, in resolution 778 (1992), the Council urged Member States to contribute funds from other sources to the escrow account. All such funds transferred or contributed to the escrow account under the provisions of resolution 778 (1992) were to be transferred back to the accounts of States from which funds had been provided, together with applicable interest, at such time as oil exports had taken place pursuant to the system provided for in resolutions 706 (1991) and 712 (1991) and the escrow account had received funds from the proceeds of sales. Iraqi oil exports began in December 1996, and the escrow account started receiving funds from the proceeds of sales in January 1997. Those funds are currently being transferred back to the accounts of States that provided the original funds to the escrow account.

(b) The sum of $8,105,505.39 represents voluntary contributions by Member States earmarked for financing activities arising from Security Council resolution 687 (1991) that were received from September 1991 to June 1996 and recorded as income in the books of the special account (fund RS) established for that purpose. Those contributions should be repaid from funds set aside in the escrow account from the proceeds of Iraqi oil sales. Therefore, the liability was recorded in the books of the escrow account for repayment on behalf of fund RS to the States that provided the funds.

The balance of $122,383.39 represents the amount, and interest thereon, deposited into the escrow account in 1997 from the proceeds of Iraqi oil sales that exceeded the $10 million limit for every 90 days allowed under paragraph 8 (g) of Security Council resolution 986 (1995). This sum has been transferred to the escrow account for humanitarian purchases in connection with that resolution (fund ESB).

As at 31 December 1999, frozen asset transfers and voluntary contributions to the escrow account totalled $334.5 million, as follows (in millions of United States dollars):

Australia	0.5
Canada	2.9
Denmark	3.0
European Community	27.6
Finland	0.4
France	0.4
Germany	1.1
Greece	0.2
Japan	8.2
Kuwait	24.7
Netherlands	17.5
New Zealand	0.1
Norway	0.3
Oman	0.1
Qatar	0.6
Saudi Arabia	56.1
Sweden	8.8
Switzerland	0.2

United Arab Emirates	0.7
United Kingdom of Great Britain and Northern Ireland	19.5
United States of America	161.6
Total	**334.5**

Note 12
United Nations Compensation Commission (statement XII)

(a) The Compensation Commission was established in 1992 in accordance with Security Council resolution 687 (1991) to administer the settlement of claims arising from any direct loss, damage or injury for which the Government of Iraq is held liable as a result of its invasion and occupation of Kuwait. By its resolution 986 (1995), the Security Council approved the allocation of 30 per cent of the proceeds from sales of Iraqi oil to the Compensation Commission.

(b) Compensation claims that have been approved by the Governing Council of the Compensation Commission but not yet paid or obligated pending receipt of funds from the United Nations escrow account established pursuant to Security Council resolution 986 (1995) are reported as deferred charges and deferred payables in the statement of assets, liabilities, reserves and fund balances.

Note 13
Special account for activities approved under Security Council resolutions 687 (1991), 706 (1991), and 1284 (1999): other activities (statement XIII)

(a) The Security Council, in its resolution 687 (1991), requested the Secretary-General to undertake certain tasks in connection with the situation between Iraq and Kuwait. The costs of those activities were to be considered as an advance pending the receipt of payments to the Organization by Iraq in respect of certain activities, and by Iraq and Kuwait jointly in respect of the costs of the Boundary Commission.

(b) With the adoption by the Security Council of resolution 778 (1992), the above-mentioned costs have been covered by transfers from the escrow account. Furthermore, the costs of the Special Commission are being met by transfers from the escrow account pursuant to Security Council resolution 986 (1995).

(c) The Security Council decided, by its resolution 1284 (1999), to establish the United Nations Monitoring, Verification and Inspection Commission. The responsibilities mandated to the Special Commission are now undertaken by UNMOVIC.

(d) During the biennium 1998-1999, a change was made in the accounting policy relating to the classification of the unspent balance from funds remitted to the International Atomic Energy Agency to execute the activities of the Special Commission in Iraq. Formerly, such balances were treated as deferred charges pending an accounting by IAEA of the unspent balance, but are currently classified as accounts receivable from IAEA.

Note 14
United Nations Central Emergency Revolving Fund (statement XIV)

The United Nations Central Emergency Revolving Fund was established by the Secretary-General in accordance with General Assembly resolution 46/182 of 19 December 1991. The Fund is financed by voluntary contributions. Its resources are to be used only for advances to United Nations organizations and entities in order to expedite their responses to requests for emergency assistance. Those advances are to be repaid to the Fund as a first charge against voluntary contributions received in respect of the particular emergency assistance programme.

Note 15
United Nations Mission in East Timor (statement XV)

(a) The Security Council established, by its resolution 1246 (1999), the United Nations Mission in East Timor to organize and conduct a popular consultation, scheduled for 8 August 1999, on the basis of a direct, secret and universal ballot, in order to ascertain whether the East Timorese people accepted the proposed constitutional framework providing for special autonomy for East Timor within the unitary Republic of Indonesia or rejected the proposal, which would lead to East Timor's separation from Indonesia, and to enable the Secretary-General to discharge his responsibility under paragraph 3 of the Security Agreement (A/53/951-S/1999/513, annex III). The mandate of UNAMET was further extended until 30 November 1999 by Security Council resolutions 1257 (1999) and 1262 (1999).

(b) The financial statements for UNAMET combine the activities of the Special Account for the United Nations Mission in East Timor and of the Trust Fund for the Settlement of the Question of East Timor.

Note 16
Special multi-year account for supplementary development activities (statement XVI)

(a) A special multi-year account for supplementary development activities was established by the General Assembly in its resolution 54/15 of 29 October 1999 on the basis of a recommendation of the Secretary-General (A/53/945). Resources appropriated under the Development Account section of the United Nations regular budget shall be transferred into the special multi-year account.

(b) An amount of $13,065,000 appropriated by the General Assembly was transferred in 1999 to the special multi-year account for supplementary development activities. The unspent balance of appropriation at the end of the biennium will be carried forward to the succeeding biennium.

Note 17
Special accounts for programme support costs (statement XVII)

(a) Reimbursement for programme support costs is provided for in respect of extrabudgetary technical cooperation, administrative and substantive activities. The reimbursement is calculated as a percentage of the programme resources expended. The special accounts for programme support costs are shown separately from the extrabudgetary funds from which they derive their incomes.

(b) Unliquidated obligations in respect of special accounts for programme support costs are accounted for on the same basis as for the programme budget.

(c) The special account for programme support costs of peacekeeping operations is presented in the financial statements for the United Nations peacekeeping operations.

Note 18
Capital Assets Fund (statement XVIII)

(a) Land and buildings are reported at original cost; no depreciation of buildings is provided for. Major improvements and extensions to existing buildings are reflected in the construction-in-progress fund and are capitalized when the projects are completed.

(b) The capital assets of the Organization, expressed in millions of United States dollars, comprise land and buildings (at cost) at the following locations:

United Nations building, New York (original cost): 67.1 Less: Cost of library building razed in 1960: 1.7	65.4
Dag Hammarskjöld Library building, New York	6.7
Land for permanent Headquarters site, New York	9.6
Extension of meeting rooms of North Lawn, delegates dining facilities and staff cafeteria, New York	56.2
UNITAR Building	11.0
Subtotal	**148.9**
Secretariat Building and General Assembly Hall, library building and villas, Geneva	12.3
Modernization of Palais des Nations, Geneva	2.1
Major maintenance, Geneva	6.7
Extensions of conference facilities, Geneva	47.7
Subtotal	**68.8**
United Nations accommodation at Nairobi, Gigiri building	27.1
Conference facilities at Nairobi, Gigiri building	8.7
Subtotal	**35.8**
Land and structures, Addis Ababa, Mogadishu and Pusan	0.3
ECA building, Addis Ababa	7.5
New ECA conference facilities	114.9
Subtotal	**122.7**

United Nations building, Santiago	5.6
Documents Research Centre, Santiago	1.0
Subtotal	**6.6**
ESCAP building, Bangkok: 8.7	
Less: Cost of Netherlands building razed in 1990: 0.2	8.5
ESCAP conference building in Bangkok	46.5
Subtotal	**55.0**
Total	**437.8**

Note 19
United Nations construction in progress (statement XIX)

(a) Funds are appropriated from the United Nations regular budget for new construction and major improvements. The resulting expenditures are recorded and reported in separate construction accounts. The funds relating to those appropriations are transferred into a cash pool, which is administered at United Nations Headquarters, and are accounted for in a separate set of construction accounts classified as "undistributed". From the cash pool, remittances are made to the respective field offices to meet construction-in-progress costs. Interest generated from investments and the related receivables and payables are reported in the undistributed fund balance sheet. The consolidated balance sheet shows the unremitted amounts as balances due to or due from the undistributed fund and the construction funds of the respective offices.

(b) Any unexpended appropriation balances in the Construction Fund are carried forward to the extent approved by the General Assembly into succeeding bienniums until the projects are completed.

(c) The ECA construction project was funded from appropriations of $107,576,900 from the United Nations regular budget. Additional funding of $7,651,594 for the project was made available from interest income earned on the construction fund investments. The cost of the ECA construction project of $114,842,306 was capitalized in 1999, and capital assets and Member States' equity in the Capital Assets Fund increased by the same amount.

(d) An initial loan of $6 million from UNEP was used to fund the construction in Nairobi. The principal amount plus interest of $489,327 was transferred from rental income under income section II of the regular budget to repay the loan. An additional amount of $2,370,600 was transferred from income section II of the budget as well as $379,200 from the 1998-1999 regular budget appropriations to provide further funding for the construction in Nairobi. The cost of the UNEP construction project of $8,718,558 was capitalized in 1999, and capital assets and Member States' equity in the Capital Assets Fund increased by the same amount.

(e) The cost of construction of the ESCAP conference building was capitalized in 1997, and capital assets and Member States' equity in the Capital Assets Fund increased by $46,500,000.

Note 20
United Nations Tax Equalization Fund (statement XX)

This Fund was established under the provisions of General Assembly resolution 973 (X) of 15 December 1955 to equalize the net pay of all staff members whatever their national tax obligations. The Fund reports as income the staff assessment in respect of staff members financed under the regular budget, assessed peacekeeping operations and the tribunals for Rwanda and the former Yugoslavia. The Fund includes as expenditure the credits against the regular budget and peacekeeping assessments of Member States that do not levy taxes on the United Nations income of their nationals. Member States that do levy income taxes on their nationals working for the Organization do not receive this credit in full. Instead, their share is utilized in the first instance to reimburse staff members for taxes they had to pay on their United Nations income. Such reimbursements for taxes paid are reported as expenditure by the Tax Equalization Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds.

Note 21
Funds held in trust (statement XXI)

(a) These funds account for resources set aside and disbursements made for compensation payments under appendix D of the Staff Rules, reimbursements of claims made under the medical insurance plan, payments to stabilize medical, dental, and life insurance premiums of active and after-service personnel and payment of liability claims and other costs associated with the general liability of the Organization. They also contain the accounts of certain self-insurance activities, such as the Geneva Staff Mutual Insurance Society, against sickness and accident.

(b) Premiums collected for medical, dental and life insurance schemes managed at United Nations Headquarters and paid to the insurance carriers under contract with the United Nations are accounted for in the United Nations General Fund.

Note 22
Special account for the sale of United Nations bonds (statement XXII)

Under the terms of General Assembly resolution 1739 (XVI) of 20 December 1961, the Secretary-General was authorized to issue bonds up to a total of $200 million, utilizing the proceeds of sale for purposes normally associated with the Working Capital Fund. He was also requested to include in the regular budget an amount sufficient to pay interest and instalments of principal, in accordance with the terms of the issue. A total of $169.9 million was realized from the sale of the bonds and utilized for UNEF (1956) and ONUC. The last payments of principal and interest were made to bondholders in the biennium 1988-1989, and the bond issue is now fully amortized.

Note 23
Integrated Management Information System (statement XXIII)

(a) Funds are appropriated from the United Nations regular budget for the IMIS project, and allocations were provided from various funds, including the peacekeeping accounts.

(b) Interest income is computed on the inter-fund indebtedness from the United Nations General Fund at the end of each month based on the average rate of return on the short-term United States dollar investments applicable for the month.

(c) Any unexpected balances of appropriations and allocations are carried forward to the succeeding biennium until the project is complete.

(d) Until 31 December 1997, IMIS expenditures were reported under financial statement XVIII for projects of a multi-year nature as an asset entitled "cumulative IMIS expenditure to date". Effective 30 June 1998, this accounting treatment was changed, and IMIS expenditures are reported in a separate statement of income and expenditure and changes in reserves and fund balances.

Note 24
Liabilities for end-of-service and post-retirement benefits

(a) The United Nations has not specifically recognized in any of its financial accounts liabilities for after-service health insurance costs or the liabilities for other types of end-of-service payments that will be owed when staff members leave the Organization. Such payments are budgeted for in the regular budget and in peacekeeping operations, and the actual costs incurred in each financial period are reported as current expenditures.

(b) In order to gain a better understanding of the financial dimensions of the Organization's liabilities for after-service health insurance, a consulting actuary was engaged to carry out an actuarial valuation of post-retirement health insurance benefits as at 1 January 1997. The results of that exercise were disclosed in the notes to the financial statements (note 23) for the biennium ended 31 December 1997.[1] The actuarial valuation was updated and, on the basis of the study, it was estimated that the United Nations liability as at 1 January 1999 projected to 31 December 1999 for after-service health insurance benefits covering all participants, regardless of funding source, would be as follows:

	Present value of future benefits	*Accrued liability*
Gross liability	1 661 457 000	1 377 035 000
Offset from retiree contributions	360 417 000	299 774 000
Net liability	**1 301 040 000**	**1 077 261 000**

(c) The present value of future benefit figures shown above is the discounted value of all benefits to be paid in future to all current retirees and active employees expected to retire. The accrued liabilities comprise that portion of the present value of benefits that has accrued from staff members' dates of entry on duty until the valuation date. Active staff members' benefits are fully accrued when they reach their date of full eligibility for benefits.

(d) Staff members who separate from the Organization are entitled to be paid for any unused vacation days they may have accrued up to a maximum of 60 days.

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[1] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 5* and corrigendum (A/53/5 and Corr.1), vol. I, chap. V.

The Organization's total liability for such unpaid accrued vacation compensation as at 31 December 1999 is estimated to be between $80 million and $90 million.

(e) Some staff members are entitled to repatriation grants and related relocation expenditures upon their termination from the Organization based on their number of years of service. The Organization's total liability for such unpaid repatriation and relocation entitlements as at 31 December 1999 is estimated to be between $75 million and $85 million.

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